



Workspace Group Plc

(incorporated and registered in England and Wales under number 2041612)

6.00 per cent Sterling Bonds due 2019

Issue price: 100 per cent

6.00 per cent Sterling Bonds due 2019 (the **Bonds**) will be issued by Workspace Group PLC (the **Issuer**). The Bonds bear interest from and including 9 October 2012 (the **Issue Date**) at a rate of 6.00 per cent per annum, payable semi-annually in arrear. The Bonds mature on 9 October 2019 (the **Maturity Date**). The total principal amount of the Bonds to be issued will be determined following a process of “bookbuilding” by Investec Bank plc and Numis Securities Limited (together, the **Joint Lead Managers**) and will be set forth in an announcement which will be published by the Issuer by a Regulatory Information Service on or about 3 October 2012 (the **Sizing Announcement**).

The Issuer may, at its option, redeem all, but not in part only, of the Bonds at any time at par plus accrued interest, in the event of certain tax changes. The Bonds may also be redeemed in whole by the Issuer, at its option, at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the relevant United Kingdom Government Treasury Stock plus a margin of 0.5 per cent, together with accrued interest. See “*Terms and Conditions of the Bonds – Redemption and Purchase*”. The Bonds are also subject to redemption at the option of the holders of the Bonds (the **Bondholders**) as described in “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of the Bondholders upon a Change of Control Event*”.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the Bonds to be admitted to trading on the London Stock Exchange’s Regulated Market (the **Market**) and through the electronic order book for retail bonds (**ORB**) of the London Stock Exchange. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (the **Markets in Financial Instruments Directive**).

The Bonds will initially be represented by a global bond (the **Global Bond**), without interest coupons, which will be deposited on or about the Issue Date with a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). Interests in the Global Bond will be exchangeable for definitive Bonds (**Definitive Bonds**) only in certain limited circumstances – see “*Summary of Provisions relating to the Bonds while in Global Form*”.

An investment in Bonds involves certain risks. Prospective Investors should have regard to the factors described under the heading “Risk Factors” on page 10.

Joint Lead Managers

Investec

Numis Securities

The date of this Prospectus is 18 September 2012

This Prospectus comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the **Prospectus Directive**) and for the purpose of giving information with regard to the Issuer and the Issuer and its subsidiaries taken as a whole (the **Group**) and the Bonds which, according to the particular nature of the Issuer and the Bonds, is necessary to enable Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus and CBRE Limited (together with the Issuer, the **Responsible Persons**) accepts responsibility for the information contained in “*Description of the Issuer – Valuation*”. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition, in the context of any offer of Bonds that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a **Public Offer**), the Issuer accepts responsibility in the United Kingdom, for the content of this Prospectus in relation to any person (an **Investor**) to whom an offer of any Bonds is made by any financial intermediary where the offer is made pursuant to the conditions set out in the following paragraph (an **Authorised Distributor**). However, neither the Issuer nor any of the Joint Lead Managers has any responsibility for any of the actions of any Authorised Distributor, including compliance by an Authorised Distributor with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The Issuer consents to the use of this Prospectus in connection with a Public Offer of any Bonds during the period commencing from, and including, 19 September 2012 until 12 noon (London time) on, 2 October 2012 or such earlier or later time and date as may be agreed between the Issuer and the Joint Lead Managers and announced *via* a Regulatory Information Service (the **Offer Period**) in the United Kingdom by any financial intermediary which satisfies the following conditions: (a) is authorised to make such offers under the Markets in Financial Instruments Directive; (b) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the **Rules**), including the Rules published by the Financial Services Authority (including its guidance for distributors in “The Responsibilities of Providers and Distributors for the Fair Treatment of Customers”) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Bonds by any person and disclosure to any potential investor; (c) complies with the restrictions set out under “*Subscription and Sale*” in this Prospectus which would apply as if it were a Joint Lead Manager; (d) ensures that any fee (and any commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Bonds does not violate the Rules and is fully and clearly disclosed to investors or potential investors; (e) holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Bonds under the Rules, including authorisation under the Financial Services and Markets Act 2000; (f) complies with applicable anti-money laundering, anti-bribery and “know your client” Rules, and does not permit any application for Bonds in circumstances where the financial intermediary has any suspicions as to the source of the application monies; (g) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Joint Lead Managers and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or any of the Joint Lead Managers in order to enable the Issuer and/or the Joint Lead Managers to comply with anti-money laundering, anti-bribery and “know your client” Rules applying to the Issuer and/or the Joint Lead Managers; and (h) does not, directly or indirectly, cause the Issuer or any of the Joint Lead Managers to breach any Rule or subject the Issuer or any of the Joint Lead Managers to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction.

For the Public Offer Jurisdictions outside the United Kingdom (being Jersey, Guernsey and the Isle of Man), the Issuer consents to the use of this Prospectus in connection with an offer of any Bonds either by any financial intermediary that satisfies the equivalent of conditions (a) – (h) applicable in those jurisdictions or as otherwise agreed by the Issuer.

Any Authorised Distributor who wishes to use this Prospectus in connection with a Public Offer is required, for the duration of the Offer Period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.

A Public Offer may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Joint Lead Managers or the Authorised Distributors.

Other than as set out above, neither the Issuer nor any of the Joint Lead Managers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Bonds. Any such offers are not made on behalf of the Issuer or by any of the Joint Lead Managers or Authorised Distributors and none of the Issuer, the Joint Lead Managers or the Authorised Distributors has any responsibility or liability for the actions of any person making such offers.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY OF THE BONDS FROM AN AUTHORISED DISTRIBUTOR WILL DO SO, AND OFFERS AND SALES OF THE BONDS TO AN INVESTOR BY AN AUTHORISED DISTRIBUTOR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED DISTRIBUTOR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS (THE TERMS AND CONDITION OF THE PUBLIC OFFER). THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE JOINT LEAD MANAGERS) IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS AND, ACCORDINGLY, THIS PROSPECTUS DOES NOT CONTAIN SUCH INFORMATION. THE TERMS AND CONDITIONS OF THE PUBLIC OFFER SHALL BE PROVIDED TO INVESTORS BY THAT AUTHORISED DISTRIBUTOR AT THE RELEVANT TIME. NONE OF THE ISSUER OR ANY OF THE JOINT LEAD MANAGERS OR OTHER AUTHORISED DISTRIBUTORS HAS RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated into and form part of this Prospectus.

None of the Joint Lead Managers or the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds. None of the Joint Lead Managers or the Trustee accepts liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

No person is or has been authorised by the Issuer, any of the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each Investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any Investor in the Bonds of any information coming to their attention.

The Bonds 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 US tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States (the **US**) or to US persons.

In particular, neither this Prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Lead

Managers or the Trustee to any person to subscribe for or to purchase any Bonds. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, except as indicated in the “*Subscription and Sale – Public Offer*” section below, no action has been taken by the Issuer, any of the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. For a further description of certain restrictions on the offering and sale of the Bonds and on distribution of this document, see “*Subscription and Sale*” below.

This Prospectus has been prepared on the basis that any offer of Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) other than offers (the **Permitted Public Offers**) which are made prior to the Issue Date, and which are contemplated in this Prospectus in the United Kingdom once the Prospectus has been approved by the competent authority in the United Kingdom and published in accordance with the Prospectus Directive, will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of Bonds which are the subject of the offering contemplated in this Prospectus, other than the Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Issuer or any of the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer or the Joint Lead Managers have authorised, nor do they authorise, the making of any offer (other than the Permitted Public Offers) of Bonds in circumstances in which an obligation arises for the Issuer or any of the Joint Lead Managers to publish or supplement a prospectus for such offer.

In certain circumstances, Investors may hold interests in the Bonds through Euroclear UK & Ireland Limited (formerly known as CRESTCO Limited (**CREST**)) through the issuance of dematerialised depository interests (**CREST Depository Interests** or **CDIs**) issued, held, settled and transferred through CREST, representing interests in the Bonds underlying the CDIs (the **Underlying Bonds**). CREST Depository Interests are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the **CREST Depository**) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated, the **CREST Deed Poll**). Neither the Bonds nor any rights attached thereto will be issued, settled, held or transferred within the CREST system other than through the issue, settlement, holding or transfer of CDIs. Holders of CREST Depository Interests (**CDI Holders**) will not be entitled to deal directly in the Bonds and, accordingly, all dealings in the Bonds will be effected through CREST in relation to the holding of CDIs.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent: (a) the Bonds are legal investments for it; (b) the Bonds can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

It is advisable that each potential Investor in the Bonds determines the suitability of that investment in light of its own circumstances. In particular, it is advisable that a potential Investor should not invest in the Bonds unless it is able to evaluate (either alone or with a financial adviser) how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential Investor’s overall investment portfolio.

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

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SUMMARY

This summary is comprised of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary relating the Bonds and the Issuer. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this summary because of the nature of the Bonds and the Issuer, it is possible that no relevant information can be given regarding each Element. In this case, a short description of the Element is included in the summary and marked as “Not applicable”.

Element	SECTION A – INTRODUCTIONS AND WARNINGS
A.1	<p>This summary must be read as an introduction to this Prospectus and any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole by the Investor.</p> <p>Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff might, under the national legislation of the Member State where the claim is brought, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>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 those persons who have tabled this summary, including any translation hereof, in any such Member State unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid Investors when considering whether to invest in the Bonds.</p> <p>Words and expressions defined in the “<i>Terms and Conditions of the Bonds</i>” below or elsewhere in this Prospectus have the same meanings in this summary.</p>
A.2	<p>Consent to use this Prospectus</p> <p>The Issuer has granted a general consent for the use of this Prospectus in connection with any Public Offer of any Bonds during the period commencing from, and including, 19 September 2012 until 12 noon (London time) on 2 October 2012 or such earlier or later time and date as may be agreed between the Issuer and the Joint Lead Managers and announced <i>via</i> a Regulatory Information Service, in the United Kingdom by any financial intermediary which complies with the conditions attached to the Issuer’s consent.</p> <p>Any Authorised Distributor who wishes to use this Prospectus in connection with a Public Offer is required, for the duration of the Offer Period, to publish on its website that it is using this Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.</p> <p>An Investor intending to acquire or acquiring any Bonds from an Authorised Distributor will do so, and offers and sales of the Bonds to an Investor by an Authorised Distributor will be made, in accordance with any terms and other arrangements in place between such Authorised Distributor and such Investor including as to price, allocations and settlement arrangements (the Terms and Conditions of the Public Offer). The Issuer will not be a party to any such arrangements with Investors (other than the Joint Lead Managers) in connection with the offer or sale of the Bonds and, accordingly, this Prospectus will not contain such information. The Terms and Conditions of the Public Offer shall be provided by the relevant Authorised Distributor to the Investor at the relevant time. None of the Issuer or any of the Joint Lead Managers or other Authorised Distributors has any responsibility or liability for such information.</p>

Element	SECTION B – THE ISSUER																																								
B.1	Legal and commercial name:	Workspace Group PLC.																																							
B.2	Domicile and legal form, legislation under which the Issuer operates and its country of incorporation:	The Issuer was incorporated and registered in England and Wales on 29 July 1986 under the Companies Act 1985 as a private limited company with number 2041612 and was re-registered as a public limited company on 12 June 1987. The Issuer operates under the Companies Act 2006.																																							
B.4b	Description of any known trends affecting the Issuer and the industry in which it operates:	Not applicable; there are no known trends affecting the Issuer and the industry in which it operates.																																							
B.5	If the Issuer is part of a Group, a description of the Group and the Issuer's position within the Group:	The Group provides business premises tailored to the needs of new and growing companies across London. The Issuer is the ultimate parent company of the Group.																																							
B.9	Where a profit forecast or estimate is made, state the figure:	Not applicable; no profit forecasts or estimates have been made by the Issuer.																																							
B.10	A description of the nature of any qualifications in the audit report on the historical financial information:	Not applicable; there are no qualifications contained in the audit reports, with respect to the Issuer's historical financial information.																																							
B.12	Selected historical key financial information:	<table border="1"> <thead> <tr> <th colspan="3">Consolidated Income Statement</th> </tr> <tr> <th></th> <th style="text-align: right;">Twelve months to 31 March 2012 (Audited) £m</th> <th style="text-align: right;">Twelve months to 31 March 2011 (Audited) £m</th> </tr> </thead> <tbody> <tr> <td>Net rental income</td> <td style="text-align: right;">44.8</td> <td style="text-align: right;">45.9</td> </tr> <tr> <td>Operating profit</td> <td style="text-align: right;">71.0</td> <td style="text-align: right;">69.9</td> </tr> <tr> <td>Profit before tax</td> <td style="text-align: right;">48.5</td> <td style="text-align: right;">52.8</td> </tr> <tr> <td>Profit for the year after tax and attributable to equity shareholders</td> <td style="text-align: right;">49.0</td> <td style="text-align: right;">53.5</td> </tr> <tr> <th colspan="3">Consolidated Balance Sheet</th> </tr> <tr> <th></th> <th style="text-align: right;">As at 31 March 2012 (Audited) £m</th> <th style="text-align: right;">As at 31 March 2011 (Audited) £m</th> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">777.6</td> <td style="text-align: right;">730.0</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">37.7</td> <td style="text-align: right;">10.6</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(41.7)</td> <td style="text-align: right;">(42.1)</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">(338.2)</td> <td style="text-align: right;">(364.7)</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">435.4</td> <td style="text-align: right;">333.8</td> </tr> </tbody> </table>	Consolidated Income Statement				Twelve months to 31 March 2012 (Audited) £m	Twelve months to 31 March 2011 (Audited) £m	Net rental income	44.8	45.9	Operating profit	71.0	69.9	Profit before tax	48.5	52.8	Profit for the year after tax and attributable to equity shareholders	49.0	53.5	Consolidated Balance Sheet				As at 31 March 2012 (Audited) £m	As at 31 March 2011 (Audited) £m	Non-current assets	777.6	730.0	Current assets	37.7	10.6	Current liabilities	(41.7)	(42.1)	Non-current liabilities	(338.2)	(364.7)	Net assets	435.4	333.8
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Element	SECTION B – THE ISSUER	
B.12	Consolidated Statement of Cash Flows	
		<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Twelve months to 31 March 2012 (Audited) £m </div> <div style="text-align: center;"> Twelve months to 31 March 2011 (Audited) £m </div> </div>
	Net cash inflow from operating activities	<div style="display: flex; justify-content: space-around;"> 17.3 14.0 </div>
	Net cash (outflow)/inflow from investing activities	<div style="display: flex; justify-content: space-around;"> (11.0) 27.1 </div>
	Net cash inflow/(outflow) from financing activities	<div style="display: flex; justify-content: space-around;"> 21.1 (41.8) </div>
	Net increase/(decrease) in cash and cash equivalents	<div style="display: flex; justify-content: space-around;"> 27.4 (0.7) </div>
	<p>There has been no material adverse change in the prospects of the Issuer since 31 March 2012 and there has been no significant change in the financial or trading position of the Group since 31 March 2012.</p>	
B.13	A description of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency:	Not applicable; there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	Extent to which the Issuer is dependent upon other entities within the Group:	The Issuer is the ultimate parent company of the Group and is dependent on the performance of the Group for the satisfaction of its obligations.
B.15	A description of the Issuer's principal activities:	The Group provides business premises tailored to the needs of new and growing companies across London.
B.16	Control of the Issuer:	As at 31 August 2012, the Issuer is not aware of any person who directly or indirectly, jointly or severally, by any entity, exercises or could exercise control over the Issuer nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.
B.17	Credit ratings:	Not applicable; neither the Issuer nor the Bonds are expected to be rated.

Element	SECTION C – SECURITIES	
C.1	Type and class of Bonds:	<p>The 6.00 per cent Sterling Bonds due 2019 will be issued in bearer form in the denomination of £100. The Bonds represent, subject to a negative pledge, unsecured obligations of the Issuer.</p> <p>The ISIN for the Bonds is XS0832324981 and the Common Code is 083232498.</p>
C.2	Currency:	Sterling (£)
C.5	Transferability:	<p>The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered, sold or delivered within the United States. The Bonds may be sold in other jurisdictions (including the United Kingdom, Jersey, Guernsey and the Isle of Man) only in compliance with applicable laws and regulations.</p>
C.8	Description of the Bonds:	<p><i>Status of the Bonds:</i></p> <p>The Bonds constitute direct, unconditional and subject to the negative pledge, unsecured obligations of the Issuer and will rank <i>pari passu</i>, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.</p> <p><i>Negative pledge:</i></p> <p>For so long as any Bond is outstanding, the Issuer will not and will ensure that none of its Subsidiaries will create or have outstanding any security over their present or future revenues or assets to secure any Relevant Indebtedness without securing the Bonds equally and rateably therewith, subject to certain exceptions.</p> <p><i>Financial covenants:</i></p> <p>For so long as any Bond is outstanding, the Issuer shall ensure that as at each Loan to Value Reference Date, Net Debt as a percentage of Non Current Assets will not exceed 75 per cent and the ratio of Net Rental Income for the 12-month period ending on each Interest Coverage Reference Date to Interest Expense for the same period will be at least 1.5.</p> <p><i>Events of Default:</i></p> <p>Events of Default under the Bonds include non-payment of interest for 14 days, breach of other obligations under the Bonds or the Trust Deed (which breach is not remedied within 30 days), cross-default relating to indebtedness for borrowed money of the Issuer or any of its Principal Subsidiaries subject to an aggregate threshold of £10,000,000 and certain events related to insolvency or winding up of the Issuer or any of its Principal Subsidiaries.</p>

Element	SECTION C – SECURITIES	
C.8		<p><i>Meetings of Bondholders:</i></p> <p>The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not vote on the relevant resolution and Bondholders who voted in a manner contrary to the majority.</p> <p><i>Modification, waiver and substitution:</i></p> <p>The Trustee may, without the consent of Bondholders, agree to: (a) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error; or (b) certain other modifications and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders; or (c) determine without the consent of the Bondholders that any Event of Default (as defined in Condition 8) or potential Event of Default shall not be treated as such; or (d) the substitution of another company as principal debtor under the Bonds in place of the Issuer, in the circumstances described in Condition 11(c).</p> <p><i>Governing law:</i></p> <p>English law.</p>
C.9	<p>Interest, maturity and early redemption provisions, yield and representatives of the Bondholders:</p>	<p><i>Interest rate:</i></p> <p>The Bonds bear interest from, and including, the Issue Date to, but excluding, the Maturity Date at the rate of 6.00 per cent per annum, payable semi-annually in arrear in equal instalments of £3.00 per £100 in principal amount of the Bonds on 9 April and 9 October in each year.</p> <p><i>Maturity date:</i></p> <p>Unless previously purchased and cancelled in accordance with the Conditions, the Bonds mature on 9 October 2019.</p> <p><i>Optional early redemption by Issuer for tax reasons:</i></p> <p>The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at par plus accrued interest in the event of certain tax changes caused by any change in, amendment to, or application or official interpretation of the laws or regulations of the United Kingdom on or after 3 October 2012.</p> <p><i>Optional early redemption by Issuer:</i></p> <p>The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the relevant United Kingdom Government Treasury Stock plus a margin of 0.5 per cent, together with accrued interest.</p>

Element	SECTION C – SECURITIES	
C.9		<p><i>Optional early redemption by the Bondholders:</i></p> <p>The Bonds may be redeemed at the option of the Bondholders at par plus accrued interest if a Change of Control Event occurs. If 80 per cent or more in principal amount of the Bonds originally issued have been redeemed pursuant to such option by the Bondholders, the Issuer may, at its option redeem all the remaining Bonds at par plus accrued interest.</p> <p><i>Indication of yield:</i></p> <p>On the basis of the issue price of the Bonds of 100 per cent of their principal amount, the yield of the Bonds is expected to be 6.00 per cent on an annual basis. It is not an indication of future yield.</p> <p><i>Trustee:</i></p> <p>U.S. Bank Trustees Limited</p>
C.10	Derivative component in the interest payment:	Not applicable; the Bonds bear interest at a fixed rate and there is no derivative component in the interest payment.
C.11	Listing and admission to trading:	<p>Application will be made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for the Bonds to be admitted to trading on the London Stock Exchange's Regulated Market through ORB.</p> <p>Admissions are expected to be granted on or about 10 October 2012, subject only to the issue of the Global Bond.</p>

Element	SECTION D – RISKS	
D.2	<p>Key information on the key risks that are specific to the Issuer:</p>	<p>There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. These include:</p> <ul style="list-style-type: none"> • the fact that the Group's returns (from rental income and market value of properties) are often dependent on factors outside its control, such as general economic, political and financial conditions; • the relative illiquidity of property assets, which generally take longer or are more difficult to realise; • competition risk (being the risk that rental income or market value of properties could be affected by competition from other nearby properties) and competition for the Issuer in identifying and acquiring suitable properties, where such competition may lead to inflated property acquisition prices or unfavourable terms; • the risk of inaccurate, and the market sensitivity of, property valuation; • concentration risk in relation to the geographical location of its properties and its customer base; • the risk of a net fall in revenue in the event that customers default or terminate leases early or do not renew leases; • the Group's operating and other expenses may increase without a corresponding increase in turnover; • the risk associated with environmental liabilities resulting from the ownership of properties; • legal and regulatory changes related to planning, land use and building regulation may negatively affect the Group's business; • the risk of delays or excess costs in redevelopment or improvement projects; • the risk of unexpected problems and latent liabilities or contingencies in respect of acquisitions of properties; • the Group may lose its real estate investment trust (REIT) status resulting in the Group being no longer able to benefit from certain tax exemptions; and • the Group may not be able to raise future debt finance or roll-over existing debt facilities on similar terms.
D.3	<p>Key information on the key risks that are specific to the Bonds:</p>	<p>There are certain factors which are material for the purpose of assessing the market risks associated with the Bonds. These include:</p> <ul style="list-style-type: none"> • the obligations of the Issuer under the Bonds are structurally subordinated to any liabilities of the Issuer's subsidiaries; • the risk of an early redemption of the Bonds by the Issuer due to a change in law or at its option; • the fact that defined majorities may be permitted to bind all the Bondholders with respect to modification and waivers of the terms and conditions of the Bonds, including with regard to substitution of the Issuer in certain circumstances; • a market for the Bonds may not develop, or may not be very liquid and such illiquidity may have a severely adverse affect on the market value of the Bonds; • the realisation from a sale of the Bonds at any time prior to their maturity may be below the investment price; and • the Bonds bear interest at a fixed rate and the Issuer will pay principal and interest on the Bonds in pounds sterling, which potentially exposes certain investors to interest rate risk and exchange rate risk respectively.

Element	SECTION E – OFFER	
E.2b	Use of proceeds:	The net proceeds of the issue of the Bonds will be applied by the Issuer to diversify the funding base of the Issuer and for the general corporate purposes of the Group.
E.3	Terms and conditions of the Offer:	<p>The offer of the Bonds (the Offer) is expected to open at 12 noon (London time) on 19 September 2012 and close at 12 noon (London time) on 2 October 2012 or such earlier or later time and date as may be agreed between the Issuer and the Joint Lead Managers and announced <i>via</i> a Regulatory Information Service.</p> <p>The Issuer and the Joint Lead Managers may agree to amend the Offer Period, in which case such amendments will be published <i>via</i> a Regulatory Information Service.</p> <p>Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Bonds and the settlement arrangement in respect thereof. Investors may not be allocated all of the Bonds for which they apply.</p> <p>The Bonds will be issued at the issue price (being 100 per cent of the principal amount of the Bonds) and the aggregate principal amount of the Bonds to be issued will be specified in the Sizing Announcement published by the Issuer on a Regulatory Information Service.</p> <p>The issue of the Bonds is subject to certain conditions precedent customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and auditors comfort letters satisfactory to the Joint Lead Managers) to be set out in a subscription agreement between the Issuer and the Joint Lead Managers.</p> <p>The minimum subscription per Investor is for a principal amount of £2,000 of the Bonds.</p>
E.4	Interests of natural and legal persons involved in the offer and issue of the Bonds, including conflicts of interest:	So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer. There are no conflicts of interest which are material to the offer of the Bonds.
E.7	Estimated expenses charged to Investors by the Issuer or the Authorised Distributors:	<p>No expenses or taxes upon issue will be allocated by the Issuer or any Joint Lead Manager to any Investor. Expenses may be charged by an Authorised Distributor; these are beyond the control of the Issuer and are not set by the Issuer. They may vary depending on the size of the amount subscribed for and the Investor's arrangements with the Authorised Distributor.</p> <p>The Issuer estimates that, in connection with the sale of Bonds to an Investor, the expenses charged by the Authorised Distributors known to it at the date of this Prospectus will be up to 1.75 per cent of the aggregate principal amount of the Bonds sold to such Investor.</p>

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. Most 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.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds

Risks relating to investing in property

Dependence on factors outside the Group's control

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

The rental income and the market value of properties are often affected by general economic conditions and/or by the political and economic climate of the locality in which the property assets are situated, as well as in the rest of the world. Relevant economic factors which can affect rental incomes and property values include changes in growth of gross domestic product, employment trends, inflation and changes in interest rates. Together or in isolation, these may impact the level of demand for property by customers and the ability of landlords to increase rents and the level of bad debts incurred as a result of customers entering into bankruptcy or insolvency, which may adversely affect the value of, and the rental income generated by, the Group's property portfolio.

In addition, property owners may be required to fund the costs of maintenance, insurance, periodic renovations and repairs of properties. When properties are vacant, the owner will often suffer void costs which may be significant, including business rates and operating expenses together with the costs of re-letting the property. Should the Group find itself in such a situation, this could have a material adverse effect on the Group's business, financial condition or results of operation.

Investment liquidity

Investments in property are relatively illiquid and are typically more difficult, and/or take longer, to realise than certain other investments such as equities, gilts or bonds. This illiquidity may affect the Group's ability to dispose of, or liquidate, assets from its property portfolio expeditiously and at satisfactory prices if it were required to do so. This could have a material adverse effect on the Group's business, financial condition or results of operation.

Competition

Both rental income and the market value of properties may be affected by factors specific to individual properties, such as competition from other nearby properties and the perceptions of prospective customers of the relative attractiveness, convenience and safety of properties.

If increasing competition for properties from public or private buyers causes occupancy levels in the Group's properties to decline or leads to a reduction in the number or quality of investment opportunities available to the Group or leads to a reduction in yield expectations, it may have negative implications for the Issuer's ability to generate earnings and dividends.

Additionally, the Group may face significant competition in identifying and acquiring suitable properties from other investors, including competitors who may have greater resources. Competition in the property market may lead to prices for properties identified by the Group as suitable being driven up through competing bids by potential purchasers. Accordingly, the existence and extent of such

competition may have a material adverse effect on the Group's ability to acquire properties at satisfactory prices and otherwise on satisfactory terms.

Property valuation

The valuation of property and property-related assets is inherently subjective due to, amongst other factors, the individual nature of each property and, furthermore, valuations are sensitive to changes in market sentiment. Property valuations are also made on the basis of assumptions which may prove to be inaccurate. Incorrect assumptions or flawed assessments underlying the property valuation report could negatively affect the Group's financial condition and potentially inhibit the Group's ability to realise a sale price that reflects the stated valuation. Further, if the Group acquires properties based on inaccurate assumptions, the Group's net assets and results of operations may be materially adversely affected. There is no assurance that the valuations of the Group's current and prospective properties will be reflected in the actual transaction prices (even where any such transactions occur shortly after the relevant valuation date) or that estimated yield and annual rental income will prove to be attainable.

Furthermore, property markets are subject to external market conditions, including the recent global financial crisis. It is possible that real estate prices and values could decrease or go through a period of heightened volatility which could have a material adverse impact on the Group's business, financial condition or results of operations.

Risks relating to the Group's properties

Concentration of properties and customer base

All of the Group's properties are located in the United Kingdom (the **UK**), with the vast majority of the properties located in the London region within the M25 whilst the Group's customer base is comprised of new and growing businesses primarily located in the same area. Consequently, any downturn in the London economy, or the UK's economy as a whole, or a change in occupational patterns could materially adversely affect the Group's business, financial condition or results of operations, particularly as the Group has only limited ability to help offset such a downturn through alternative activities.

Fall in net revenue

The net revenue generated from the Group's properties may depend on the financial stability of its customers. In the event of a number of customers defaulting, the Group may experience delays in enforcing its rights as landlord and may incur costs, including litigation and related expenses, in protecting its investments and re-letting the relevant units. In the event of a customer going bankrupt or becoming insolvent, and thus seeking the protection of bankruptcy or insolvency laws, the Group may experience delays in receipt of rental and/or other contractual payments or it may be unable to collect such payments at all.

If a lease is terminated, the Group may be unable to lease the property for the rent previously received or at all or sell the property without incurring a loss. In the event of a default by a customer leading to a vacancy or during any other period of vacancy, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurance, rates and marketing costs.

The Group offers flexible leases, typically with three month rolling notices to break and therefore experiences turnover of customers. When a customer at one of the Group's properties does not renew its lease, exercises a break clause, or otherwise vacates its space, the Group's rental income may be reduced until that unit is re-let and the Group may be required to expend funds to construct new customer improvements in the vacant space or to provide financial inducements to the new customers.

Increase in operating costs

The Group's operating and other expenses could increase without a corresponding increase in turnover or customer reimbursements of operating and other costs. Factors which could increase operating and other expenses include:

- increases in the rate of inflation;
- increases in staff and energy costs;

- increases in property taxes and other statutory charges;
- increases in insurance premiums;
- increases in the costs of maintaining properties; and
- failure to perform by sub-contractors leading to increases in operating costs.

Such increases could have a material adverse effect on the Group's business, financial conditions or results of operations.

Environmental

The Group may be liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that are located on or in a property owned or occupied by it, or that are migrating or have migrated from a property owned or occupied by it. The costs of any required removal, investigation or remediation of such substances may be substantial regardless of whether the Group originally caused the contamination. The presence of such substances, or the failure to remedy the situation properly, may also adversely affect the value of the property or the Group's ability to sell, let or redevelop the property or to borrow using the property as security. The Group could be required to remove or remediate any hazardous substances that it has caused or knowingly permitted to be located at any property that it has owned or occupied in the past. The Group may also be liable in damages to customers and employees in respect of any such hazardous or toxic substances. In addition, the Group may not have recourse to the previous owners of its properties for environmental issues, and even where such recourse is available, any claims the Group may have are at risk of not being fully enforceable against previous owners. Such events could have a material adverse effect on the Group's business, financial condition or results of operations.

Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or for the release of certain materials or substances into the air, land or water or for the migration of certain materials or substances from an investment, including asbestos. Such presence, release or migration can form the basis for liability to third parties for personal injury or other damages. The Group may be affected by the additional cost of environmental liabilities imposed by environmental regulation, which could have a material adverse effect on its business, financial condition or results of operations.

Legal and regulatory changes

The Group and any partners with whom the Group may deal with are required to comply with regulations relating to planning, land use and building regulation standards. The institution and enforcement of such regulations could have the effect of increasing the expenses of, lowering the income from, and adversely affecting the value of, the Group's assets. New laws may be introduced which may be retrospective and affect existing planning consents.

In addition, investors should note that changes in the legal framework concerning planning rules in the UK may negatively influence the values of properties. This may have an adverse impact on the Group's business, financial condition or results of operations.

From time to time, regulations are introduced which can impact the costs of property ownership and affect returns. In recent times these have included provisions for the containment and management of asbestos in buildings, regulations concerning the provision of access for disabled persons, and provisions for the measurement and reporting of the energy efficiency of buildings.

Construction

The Group may choose to engage in property redevelopment and improvement which may require substantial capital expenditure for land acquisition and construction. It may take considerable time before projects are completed and begin to generate positive cash flows. Certain general risks affect redevelopment and refurbishment activities. Construction and other project costs may exceed the Group's original estimates for reasons including increases in material and labour costs, potentially making the project unprofitable. The Group may not obtain, or may face delays in obtaining, necessary administrative permits and planning permissions. Furthermore, even when the Group completes a redevelopment, it may not succeed in leasing newly acquired or redeveloped properties or at rents sufficient to cover its costs of redevelopment and operations. In addition, it may take some time before newly redeveloped properties achieve the Group's target occupancy rates. Any of these risks could

increase the cost, or could delay or prevent completion, of a project and could result in a loss of revenue or of capital invested.

Failure by the Group to complete an existing or future property redevelopment or improvement project in line with the original proposals may have a material adverse effect on the Group's business, financial condition or results of operations.

In addition, and despite insurance coverage, property redevelopment and improvement may also give rise to actions being brought against the Group in connection with defects in the property.

Acquisition of property

As part of its business, the Group may acquire property assets. Such acquisitions involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties, including adverse short-term effects on the Group's operating results. Whilst it is the Group's policy to undertake appropriate environmental and structural surveys in order to assess these risks, unexpected problems and latent liabilities or contingencies such as the existence of hazardous substances or other environmental liabilities, may still emerge. Further risks inherent in property acquisitions include risks that the acquired properties may not achieve anticipated rental rates or occupancy levels, and that business decisions with respect to improvements to increase the financial returns of acquired properties may not achieve the anticipated or desired results.

Terrorism

The value of the Group's current and future properties may be adversely affected by actual or threatened acts of terrorism. A terrorist attack in the UK (and particularly in London) might impact on the willingness of new customers to take up space, of current customers to renew leases, on the ability to dispose of assets and on the values achieved on any asset disposals. The resulting increase in vacancies in the market could reduce the ability of the Group to let vacant space and cause property values to decrease, both of which could have a material adverse effect on the Group's business, financial condition or operating results.

Uninsured losses

The Issuer attempts to ensure that all the Group's properties are adequately insured to cover losses. However, changes in the costs or availability of insurance could expose the Group to uninsured losses. In addition, certain types of risk may be, or may become in the future, uninsurable or not economically insurable or may not be currently, or in the future, covered by the Group's insurance. In the event that any of the properties incurs a loss that is not fully covered by insurance, the value of the Group's assets will be reduced by the amount of any such uninsured loss. In addition, the Group may have no source of funding to repair or reconstruct the damaged property, and there can be no assurance that any such sources of funding will be available to it for such purposes in the future.

Safety of visitors at premises of the Group

There is a risk of accidents involving the public at premises owned by the Group. The Group places great importance on health and safety and it has approved policies and procedures applicable to all its premises. In addition, the Group has public liability insurance in place which the Issuer considers provides an adequate level of protection against third party claims. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and costs could have a material adverse effect on the Group's reputation, business, financial condition or results of operations. In such instance, the Group's ability to put in place public liability insurance cover in the future may also be adversely affected.

The Group may be subject to claims following the disposal of assets/properties

The Group may choose to dispose of properties and may be required to give representations and warranties about those properties and to pay damages to the extent that any such representations or warranties prove to be inaccurate. The Group may become involved in disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result of such disputes or litigation, which could have a material adverse effect on the Group's business, financial condition or results of operations.

Risks relating to the Group

Management risks

The Group's future success is substantially dependent on the continued services and performance of its directors, senior managers and other key employees, and its ability to continue to attract and retain highly skilled and qualified personnel. Although measures are in place to reward and retain key individuals and to protect the Group from the impact of excessive staff turnover, the Issuer cannot give assurances that the directors, senior managers and other key employees will continue to remain with the Group. Furthermore, in the event of the death or disability of any of the directors, senior managers or other key employees, no "key-man" insurance is in place to protect the Group from this loss. The loss of the services of the directors, the senior managers and other key employees could materially adversely affect the Group's business, financial condition or results of operations.

Counterparty credit risk

The Group is potentially exposed to counterparty credit risk on cash deposits and in respect of financial derivatives used to hedge interest rates if interest rates increase. There is a risk of a loss being sustained by the Group as a result of payment default by the counterparty with whom the Group has deposited cash or entered into hedging transactions. The extent of the Group's loss could be the full amount of the deposit or the cost of replacing those hedging transactions. Under the Group's treasury risk management policy, the Group only deals with counterparties with certain minimum credit ratings and has set its maximum exposure to each of them with regard to credit ratings. There can be no assurance, however, that the Group will successfully manage this risk or that such payment defaults by counterparties will not materially adversely affect the Group's business, financial condition or results of operations.

REIT status

The Group is currently in compliance with all of the conditions for REIT status and it is the current intention of the Issuer that the Group is continued to be managed in such a way so as to remain in compliance with those conditions under its control. Whilst at present there is no reason why the Group should not be able to continue to comply with all the conditions, certain of the conditions are outside the Group's control and the Group therefore cannot guarantee continued compliance with all of the conditions for REIT status set out in the Corporation Tax Act 2010 and related regulations. There is, therefore, a risk that the REIT regime may cease to apply in some circumstances.

HMRC may require the Group to exit the REIT regime if:

- it regards a breach of the REIT conditions or failure to satisfy the REIT conditions relating to the tax-exempt business, or an attempt to avoid tax, as sufficiently serious;
- the Group has committed a certain number of minor or inadvertent breaches of the REIT conditions in a specified period; or
- HMRC has given the Group at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for REIT status relating to the share capital of the Issuer or the prohibition on entering into loans with abnormal returns are breached or if the Issuer becomes dual resident or an open-ended investment company, the Group will automatically lose its REIT status.

The Group could also lose its REIT status as a result of actions by third parties, for example, in the event of a successful takeover of the Issuer by a company that is not a UK REIT or due to a breach of the "close company" condition (as defined in section 439 of the Corporation Tax Act 2010).

If the Group loses its REIT status, the Group will no longer be able to benefit from the provisions contained in Part 12 of the Corporation Tax Act 2010 and related regulations thereto. This would mean, amongst others, that the Group would no longer be able to benefit from the exemption on paying UK direct tax on the profits and gains arising from the Group's qualifying property rental business. If the Group is required by HMRC to leave the REIT regime (as a result of it breaching any relevant conditions) within 10 years of joining, HMRC has the power to direct how the Group is to be taxed (both before and after it leaves the REIT regime) and to determine the date on which the Group is to be treated as exiting the REIT regime and this could have a material adverse effect on the Group's business, financial condition or results of operations.

If the operating profits of the Group are less than 1.25 times the amount of interest of any external loans, the Group may become subject to an additional tax charge.

Additionally, the principal company of a group REIT (being the Issuer) may become subject to an additional tax charge if it fails to take reasonable steps to avoid paying a dividend to, or in respect of, a Substantial Shareholder (a **Substantial Shareholder** being a holder of excessive rights, as defined in section 553 of the Corporation Tax Act 2010). The articles of association of the Issuer (the **Articles**) therefore contain provisions designed to avoid the situation where dividends may become payable to a Substantial Shareholder. These provisions provide the Board with powers to identify a Substantial Shareholder and to prohibit the payment of dividends on ordinary shares that form part of a Substantial Shareholder's holding unless certain conditions are met. The Articles also allow the Board to require the disposal of ordinary shares forming part of a Substantial Shareholder's holding in certain circumstances where the Substantial Shareholder has failed to comply with the above provisions.

Changes in taxation

Tax rules and their interpretation may change. Any change in any member of the Group's tax status or to taxation legislation (such as legislation relating to the REIT regime) or its interpretation could have a material adverse effect on the Group's business, financial condition or results of operations.

Group's debt facilities

The Group's debt facilities impose certain restrictions on the Group. These restrictions may affect, limit or prohibit the Group's ability to create or permit to subsist any charges, liens or other encumbrances in the nature of a security interest; incur additional indebtedness by way of borrowing, leasing commitments, factoring of debts or granting of guarantees; make any material changes in the nature of its business as presently conducted; sell, transfer, lease or otherwise dispose of all or a substantial part of its assets; amend, vary or waive the terms of certain acquisition documents or give any consent or exercise any discretion thereunder; acquire any businesses; or make any co-investments or investments over the longer term. If the Group were to seek to vary or waive any of these restrictions and the relevant lenders did not agree to such variation or amendment, the restrictions may delay the implementation of certain of the Group's development projects and may over the longer term limit the Group's ability to plan for or react to market conditions, meet capital needs, or otherwise restrict the Group's activities or business plans and adversely affect the Group's ability to finance strategic acquisitions, investments and development projects.

Group's debt level

The investment property sector tends to employ financial leverage with the aim of improving returns to shareholders. The Group expects to continue to leverage its property portfolio through borrowings subject to the borrowing powers set out in the Articles and the REIT regulations, which effectively limit debt levels by specifying that operating profit must be greater than 1.25 times interest (and any other financing costs) for any financial year. Whilst the use of borrowings should enhance the performance of the Group when the value of the Group's underlying assets is rising, it may have the opposite effect where the underlying asset value is falling.

It is the Group's current policy to hedge a proportion of its interest rate exposure to maintain the appropriate risk and interest profile. However, an increase in interest rates might materially adversely affect the results of the Group's operations by increasing the financing cost of any unhedged portion of debt.

Ability to raise future debt financing

The ability of the Group to raise funds to roll-over or refinance on similar terms to the Group's existing debt financing, or at all, its existing debt facilities, which mature on dates ranging from December 2014 to June 2015, will be dependent on a number of factors, including general economic, political, debt and equity capital market conditions, funding availability and, importantly, the appetite of financial institutions to lend to the property sector. If the Group were to face a liquidity crisis in the future, whether for macro-economic reasons or for reasons specific to the Group, it could significantly increase the Group's cost of funding or lead to serious difficulties for the Group in refinancing its debt. The Group could therefore be forced to sell its assets, and sales in such circumstances may not deliver the level of proceeds that may otherwise be expected, in order to comply with the Group's

obligations. Such forced sales may materially adversely affect the Group's business, financial condition or results of operations.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

Risks related to the Bonds generally

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

Structural subordination of the Bonds

It is the Group's strategy to incorporate subsidiary companies to acquire, develop and manage specific properties through debt and equity finance. The Issuer is dependent upon receipt of funds from its subsidiaries in order to fulfil its obligations under the Bonds. The Bonds are (subject to Condition 3(a)) unsecured obligations of the Issuer. The obligations of the Issuer under the Bonds are therefore structurally subordinated to any liabilities of the Issuer's subsidiaries.

Risk of early redemption

In the event that a change in law results in the Issuer becoming obliged to increase the amounts payable under the Bonds pursuant to Condition 7, the Issuer may, at its option, redeem the Bonds early pursuant to Condition 5(b). If the Issuer redeems the Bonds under such circumstances, the redemption price will be the principal amount of the Bonds plus any accrued interest. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for taxation reasons*". The Bonds may also be redeemed early at the option of the Issuer in whole, but not in part, at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the relevant United Kingdom Government Treasury Stock plus a margin of 0.5 per cent, together with accrued interest. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of the Issuer*". Further, if 80 per cent or more in principal amount of the Bonds originally issued have been redeemed pursuant to the put option by the Bondholders under Condition 5(d), the Issuer may, at its option redeem all the remaining Bonds at par plus accrued interest. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of the Bondholders upon a Change of Control Event*".

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider investment risk in light of other investments available at that time.

Modification, waivers and substitution

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

The terms and conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, agree to: (a) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error; or (b) certain other modifications and any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders; or (c) determine without the consent of the Bondholders that any Event of Default (as defined in Condition 8) or potential Event of Default shall not be treated as such; or (d) the substitution of another company as principal debtor under the Bonds in place of the Issuer, in the circumstances described in Condition 11(c).

EU Savings Directive

EC Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria

and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

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 Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

Change of law

The terms and conditions of the Bonds are based on English law in effect as at the date of this Prospectus. 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 Prospectus.

Holding CREST Depository Interests

Investors may hold interests in the Bonds through CREST through the issuance of CDIs issued, held, settled and transferred through CREST representing interest in the Bonds underlying the CDIs. CDI Holders will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Bonds. The rights of CDI Holders to the Underlying Bonds are represented by the relevant entitlements against the CREST Depository which (through the CREST Nominee (as defined below)) holds interests in the Underlying Bonds. Accordingly, rights under the Underlying Bonds cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under the Underlying Bonds will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Bonds held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual (as defined below) and the CREST Rules (as defined below) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Bonds which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Bonds through the CREST International Settlement Links Service.

Potential investors should note that none of the Issuer, the Joint Lead Managers, the Trustee or any Paying Agents has any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see the section "*Clearing and Settlement*".

No formal credit ratings

The Bonds will not be assigned a credit rating by any rating agency on issue and nor does the Issuer currently have any intention of applying for a credit rating from any credit rating agency. However, one

or more independent credit rating agencies may assign credit ratings to some or all of the Bonds prior to their redemption. Any such ratings may not reflect the potential impact of all risks relating to the market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Bonds may have no established trading market when issued. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Bonds are sensitive to interest rate or market risk and are designed to meet the investment requirements of limited categories of investors. As such, the Bonds generally will have a limited secondary market. Illiquidity may have a severely adverse effect on the market value of the Bonds.

Yield

The indication of yield stated within this Prospectus applies only to investments made at (as opposed to above or below) the issue price of the Bonds. If an investor invests in the Bonds at a price other than the issue price of the Bonds, the yield on the investment will be different from the indication of yield on the Bonds as set out in this Prospectus.

Realisation from sale of the Bonds

If investors choose to sell the Bonds at any time prior to their maturity, the price received from such could be less than the original investment made by such investors. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer.

Interest rate risks

The Bonds bear interest at a fixed rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them. If interest rates start to rise then the income to be paid by the Bonds might become less attractive and the price upon any sale of the Bonds could fall. However, the market price has no effect on the income or redemption amounts under the Bonds upon maturity if investors hold the Bonds until maturity.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in pounds 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 pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds 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 pounds sterling would decrease: (a) the Investor's Currency-equivalent yield on the Bonds; (b) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (c) the Investor's Currency-equivalent market value of the Bonds.

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.

Inflation

Inflation will reduce the real value of the Bonds over time which may affect the investors' purchasing power in other investments in the future and which may make the fixed interest rate on the Bonds less attractive in the future.

The Clearing Systems

Because the Global Bond may be held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Bonds will be represented by the Global Bond. Such Global Bond may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Bond, investors will not be entitled to receive Definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the Global Bond. While the Bonds are represented by the Global Bond, investors will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While the Bonds are represented by the Global Bond, the Issuer will discharge its payment obligations under such Bonds by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Bond.

Holders of interests in the Global Bond will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

DOCUMENTS INCORPORATED BY REFERENCE

The following sections of the documents below which have previously been published and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Prospectus:

- (a) pages 54 to 81 of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 March 2011; and
- (b) pages 70 to 98 of the audited consolidated annual financial statements of the Issuer for the financial year ended 31 March 2012.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Information contained in the documents incorporated by reference into this Prospectus, which is not itself incorporated by reference, is either not relevant for investors or otherwise is covered elsewhere in this Prospectus. Copies of the documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and are published on the Issuer's website at www.workspacegroupplc.co.uk but the contents of the website shall not form part of this Prospectus.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions substantially in the form in which they will be endorsed on the Bonds.

The issue of the 6.00 per cent Sterling Bonds due 2019 (the **Bonds**) was authorised by a resolution of the Board of Directors of Workspace Group PLC (the **Issuer**) passed on 6 September 2012 and by a resolution of a committee of the Board of Directors of the Issuer passed on 18 September 2012. The Bonds are constituted by a Trust Deed (the **Trust Deed**) dated 9 October 2012 between the Issuer and U.S. Bank Trustees Limited (the **Trustee** which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds (the **Bondholders**). These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the coupons relating to them (the **Coupons**). Copies of the Trust Deed and of the Paying Agency Agreement (the **Paying Agency Agreement**) dated 9 October 2012 relating to the Bonds between the Issuer, the Trustee and the initial principal paying agent and agents named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the principal paying agent for the time being (the **Principal Paying Agent**) and the other paying agents for the time being (the **Paying Agents**, which expression shall include the Principal Paying Agent). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (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 are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

1. Form, Denomination and Title

- (a) **Form and denomination:** The Bonds are serially numbered and in bearer form in the denomination of £100, each with Coupons attached on issue.
- (b) **Title:** Title to the Bonds and the Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Status

The Bonds and Coupons constitute direct, unconditional and (subject to Condition 3(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Covenants

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either: (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders; or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
- (b) **Financial Covenants:** So long as any Bonds remains outstanding (as defined in the Trust Deed), the Issuer shall ensure that:
 - (i) as at each Loan to Value Reference Date, Net Debt as a percentage of Non Current Assets will not exceed 75 per cent; and

- (ii) the ratio of Net Rental Income for the 12-month period ending on each Interest Coverage Reference Date to Interest Expense for the same period will be at least 1.5.

The Issuer undertakes to have each of its real property assets, and the real property assets of each of its Subsidiaries, appraised at least once every six months, by an Independent Valuer.

- (c) **Financial Information:** (i) within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its audited annual consolidated financial statements for such financial year, together with the report thereon by the Issuer's independent auditors; and (ii) within two months of the end of the first half of a financial year, the Issuer shall send to the Trustee a copy of its unaudited semi-annual consolidated financial statements as at, and for the period ending on, the end of such period.
- (d) **Compliance Certificate:** the Issuer shall, concurrently with the delivery of each of the annual and interim consolidated financial statements referred to in Condition 3(c), provide to the Trustee a certificate signed by two directors of the Issuer confirming compliance with Condition 3(b) as at the relevant Reference Date upon which certificate the Trustee shall be entitled to rely absolutely without further enquiry and without incurring any liability to any person for so doing.
- (e) **Calculation Adjustment:** In the event that IFRS changes from IFRS applicable as at the Issue Date, "Interest Expense", "Net Rental Income", "Non Current Assets" and "Net Debt" shall (for the purposes of the calculations in Condition 3(b) above) nevertheless be adjusted to take into account such figures as if IFRS were still applicable as at the Issue Date.
- (f) In this Condition 3:
 - (i) **Board of Directors** means either the board of directors, or the equivalent body, of the Issuer or any duly authorised committee of that board or body;
 - (ii) **Consolidated Financial Statements** means the Issuer's audited annual consolidated financial statements or its unaudited half-yearly consolidated financial statements, as the case may be, in each case prepared in accordance with generally accepted accounting practice and principles applicable to the business of the Issuer from time to time (and if there has been a change in accounting practices since the issue date of the Bonds (the **Issue Date**), it shall be accompanied by a description of any change necessary for "Interest Expense", "Net Rental Income", "Non Current Assets" and "Net Debt" to reflect IFRS as at the Issue Date);
 - (iii) **Group** means the Issuer and its consolidated Subsidiaries taken as a whole;
 - (iv) **IFRS** means the generally accepted accounting practice and principles applicable to the business the Issuer conducts, currently International Financial Reporting Standards;
 - (v) **Independent Valuer** means a real estate appraisal or valuation firm which is a member of the Royal Institute of Chartered Surveyors (or its successor from time to time) selected by the Board of Directors in good faith provided that such firm is not an affiliate of any member of the Group;
 - (vi) **Interest Coverage Reference Date** means 31 March of each year;
 - (vii) **Interest Expense** means, for any period, amounts determined on a consolidated basis and in accordance with IFRS being all borrowing costs of the Group (including any interest capitalised into the carrying value of an asset during the period and excluding marked-to-market adjustments included in the borrowing costs of the Group for that period as a result of the application of International Accounting Standard IAS39 (or any successor or replacement standard) and excluding amortisation of issue costs and interest payable on finance leases);
 - (viii) **Loan to Value Reference Date** means 31 March and 30 September of each year;
 - (ix) **Net Debt** means, at a Loan to Value Reference Date, total "Borrowings" less "Cash at bank and in hand", in each case, (on a consolidated basis) as shown in the Consolidated Financial Statements for that Loan to Value Reference Date;
 - (x) **Net Rental Income** means, in respect of any period, the total amount of "Net rental income" (on a consolidated basis) as shown in the Consolidated Financial Statements;

- (xi) **Non Current Assets** means, at a Loan to Value Reference Date, “Non-current assets” (on a consolidated basis) as shown in the Consolidated Financial Statements for that Loan to Value Reference Date;
- (xii) **Reference Date** means any Interest Coverage Reference Date or Loan to Value Reference Date, as the case may be;
- (xiii) **Relevant Indebtedness** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be (with the agreement of the issuer thereof), quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and
- (xiv) **Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

4. Interest

The Bonds bear interest from and including 9 October 2012 at the rate of 6.00 per cent per annum, payable semi-annually in arrear in equal instalments of £3.00 per Calculation Amount (as defined below) on 9 April and 9 October in each year (each an **Interest Payment Date**). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of: (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder; and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of: (1) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last); and (2) the number of Interest Periods normally ending in any year.

In these Conditions, the period beginning on and including 9 October 2012 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **Interest Period**.

Interest in respect of any Bond shall be calculated per £100 in principal amount of the Bonds (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 6.00 per cent, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

5. Redemption and Purchase

- (a) **Final redemption:** Unless previously purchased and cancelled, the Bonds will be redeemed at their principal amount on 9 October 2019. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.
- (b) **Redemption for taxation reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to but excluding the date fixed for redemption), if: (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 3 October 2012; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than

90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee: (1) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders; and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

- (c) **Redemption at the option of the Issuer:** The Issuer may at any time, having given not less than 30 nor more than 60 days' irrevocable notice to the Bondholders in accordance with Condition 15 (which notice shall specify the date fixed for redemption (the **Optional Redemption Date**)) redeem or purchase or procure that any of its Subsidiaries shall purchase, all (but not part only) of the Bonds for the time being outstanding at any time at the Redemption Price (as defined below) together with interest accrued to (but excluding) the Optional Redemption Date.

The **Redemption Price** shall be the higher of: (i) the principal amount outstanding of the Bonds; and (ii) the principal amount outstanding of the Bonds multiplied by the price (expressed as a percentage in relation to the principal amount outstanding of the Bonds) (as reported in writing to the Issuer and the Trustee by an independent financial adviser appointed by the Issuer and approved by the Trustee) at which the Gross Redemption Yield (if the Bonds were to remain outstanding to their original maturity) on the Bonds on the Calculation Date is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Calculation Date of 3.75 per cent United Kingdom Government Treasury Stock due 2019 (or, where such financial adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend for such purposes) plus 0.5 per cent. For such purposes, **Calculation Date** means the date which is the second business day in London prior to the Optional Redemption Date and **Gross Redemption Yield** means, with respect to a security, the gross redemption yield on such security (as calculated by the financial adviser on the basis set out in the United Kingdom Debt Management Office in the paper "*Formulae for Calculating Gilt Prices from Yields*" page 5, Section One: Price/Yield Formulae "*Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date*" (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005 and as further updated or amended) on a semi-annual compounding basis (converted on an annualised yield and rounded up (if necessary) to four decimal places)).

Any notice given pursuant to this Condition 5(c) shall be irrevocable and shall specify the Optional Redemption Date. Upon the expiry of any such notice, the Issuer shall be bound to redeem or, as the case may be, purchase or procure the purchase of (and the Bondholders shall be bound to sell) the Bonds at the applicable Redemption Price on the Optional Redemption Date together with accrued interest as aforesaid unless previously redeemed or purchased. The Trustee shall rely absolutely and without further enquiry on the advice of any financial adviser appointed as provided in this Condition 5(c) and shall not be liable to any person for so doing.

- (d) **Redemption at the option of the Bondholders upon a Change of Control Event:** If while any of the Bonds remains outstanding a Change of Control Event occurs (unless the Issuer has given notice under Condition 5(b) or Condition 5(c)):
- (i) the Issuer shall promptly following the occurrence of the Change of Control Event and in any case not later than 10 days thereafter give notice (a **Change of Control Event Notice**) to the Bondholders in accordance with Condition 15 and the Trustee specifying the nature of the Change of Control Event and the procedure for exercising the option contained in this Condition 5(d); and
 - (ii) the holder of each Bond will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the Put Date (as defined below) at its principal amount, together with any interest accrued up to (but excluding) the Put Date.

Such option may be exercised by the holder delivering its Bond(s) during business hours of the relevant Paying Agent on any business day falling within the period (the **Put Period**) of 45 days after a Change of Control 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**). The Bond should be delivered together with all Coupons appertaining thereto maturing after the Put Date, failing which the Paying Agent will require payment from or on behalf of the Bondholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed by the Paying Agent to the Bondholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 10) at any time after such payment but before the expiry of 10 years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Bond and Change of Control Event Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered.

Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account (in the currency of the Bonds) in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt of the Bond at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 5(d) shall be treated as if they were Bonds. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Bonds on the Put Date at their principal amount, together with any interest accrued up to (but excluding) the Put Date unless previously redeemed or purchased.

If 80 per cent or more in principal amount of the Bonds originally issued have been redeemed or purchased pursuant to the foregoing provisions of this Condition 5(d), the Issuer may, on not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) given within 30 days after the Put Date redeem or, at the option of the Issuer, purchase (or procure the purchase of) all but not some only of the remaining outstanding Bonds at a redemption price equal to the principal amount thereof plus interest accrued to but excluding the date of such redemption or purchase.

For the purpose of this Condition 5(d):

A **Change of Control Event** shall occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), or any person(s) acting on behalf of such person(s), other than a Holding Company whose shareholders are or are to be substantially the same as, and hold shares in the same proportion to, the pre-existing shareholders of the Issuer or any direct or indirect Holding Company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in:

- (A) more than 50 per cent of the issued or allotted ordinary share capital of the Issuer; or
- (B) shares in the capital of the Issuer carrying more than 50 per cent of the voting rights normally exercisable at a general meeting of the Issuer; or
- (C) more than 50 per cent of the issued or allotted ordinary share capital of any direct or indirect Holding Company of the Issuer; or
- (D) shares in the capital of any direct or indirect Holding Company of the Issuer carrying more than 50 per cent of the voting rights normally exercisable at a general meeting of the direct or indirect Holding Company of the Issuer.

Holding Company means a holding company within the meaning of Section 1159 of the Companies Act 2006, as amended.

Put Date means the day which is 10 days after the expiration of the Put Period provided that such day is a day (other than a Saturday or Sunday) on which banks are open generally for business in London, or, if not, the next such day.

The Trustee is under no obligation to ascertain whether a Change of Control Event or any event which could lead to the occurrence of or could constitute a Change of Control Event has

occurred, and until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Event or other such event has occurred.

- (e) **Notice of redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.
- (f) **Purchase:** The Issuer and its Subsidiaries may at any time purchase the Bonds in the open market or otherwise at any price (provided that they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a). Bonds purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to them may, at the option of the Issuer or the relevant Subsidiary, be cancelled or may be held, re-issued or re-sold.

6. Payments

- (a) **Method of Payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.
- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.
- (d) **Payments on business days:** A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a sterling account, in London). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 6 falling after the due date. In this Condition, **business day** means a day on which commercial banks and foreign exchange markets are open in the relevant city.
- (e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain: (i) a Principal Paying Agent; (ii) a Paying Agent having its specified office in a major European city; (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and (iv) a Paying Agent in a European Union member state, other than the United Kingdom if and when applicable law in the United Kingdom requires a withholding or deduction for or on account of any Taxes (as defined below). Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders in accordance with Condition 15.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (the **Taxes**) imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or
- (b) **Tax exemptions available:** if no such withholding or deduction would have been required if such holder presented any form or certificate or made a declaration of non-residence or other similar claim for exemption to the relevant tax authority, provided that the Issuer notified such holder of the requirement to present such form or certificate or make such declaration or claim; or
- (c) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or
- (d) **Payment to individuals:** 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
- (e) **Payment by another Paying Agent:** by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

Relevant Date means whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7 or any undertaking given in addition to or substitution for it under the Trust Deed.

8. Events of Default

If any of the following events occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** the Issuer fails to pay any interest on any of the Bonds when due and such failure continues for a period of 14 days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed and, except where such default is, in the opinion of the Trustee, incapable of remedy, where no such continuation or notice as in hereinafter mentioned will be required, such default continues for 30 days after notice thereof shall have been given to the Issuer by the Trustee requiring the same to be remedied; or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever

described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds £10,000,000 or its equivalent (as reasonably determined by the Trustee); or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over all or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession of, or the appointment of a receiver, administrative receiver, administrator manager or other similar person in relation to the Issuer or any of its Principal Subsidiaries in respect of, all or any material part of its assets) and is not discharged or stayed within 30 days; or
- (f) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay all or a material part of (or of a particular type of) its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or a material part of (or of a particular type of) of the debts of the Issuer or any of its Principal Subsidiaries, provided that in each case above the references to “a particular type” of debt shall not include any debt less than £1,000,000 or its equivalent (as reasonably determined by the Trustee); or
- (g) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Principal Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or operations, in each case, except: (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders; or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries to the extent attributable to the shares in such Principal Subsidiary held by the Issuer or any of its Subsidiaries; or (B) in the case of Principal Subsidiaries only, for the purpose of a bona fide disposal for full value on an arm’s length basis of all or substantially all of the business or operations (including the disposal of shares in a Principal Subsidiary) of a Principal Subsidiary; or
- (h) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 8,

provided that in the case of any event as is specified in any of paragraphs (b), (d), (f) (in relation to a Principal Subsidiary only) and (g) (in relation to a Principal Subsidiary only) and (h) (insofar as it relates to any of the events mentioned in relation to paragraphs (b), (d), (f) (in relation to a Principal Subsidiary only) and (g) (in relation to a Principal Subsidiary only)) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

In this Condition 8, **Principal Subsidiary** means, at any time:

- (i) any Subsidiary of the Issuer whose:
 - (1) “Net rental income”, as shown in its most recent audited annual accounts or, where a Subsidiary is not otherwise required to produce audited annual accounts, the

latest finalised annual accounts of such Subsidiary, whether audited or not and whether published or not (the **Relevant Accounts**), and consolidated in the case of a Subsidiary which ordinarily produces consolidated accounts, exceeds 5 per cent of the consolidated “Net rental income” of the Group as shown in the Issuer’s audited consolidated annual accounts; or

- (2) “Investment properties” as shown in the Relevant Accounts, and consolidated in the case of a Subsidiary which ordinarily produces consolidated accounts, exceeds 5 per cent of the consolidated “Investment properties” of the Group as shown in the Issuer’s audited consolidated annual accounts,

provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated annual accounts of the Issuer relate, for the purpose of applying each of the foregoing tests, the reference to the Issuer’s latest audited consolidated annual accounts shall, until consolidated annual accounts for the financial period in which the acquisition is made have been published, be deemed to be a reference to such annual accounts as if such Subsidiary had been shown therein by reference to its then latest relevant audited annual accounts (or if applicable, the Relevant Accounts), adjusted as deemed appropriate by the Issuer; and

- (ii) any Subsidiary of the Issuer to which is transferred all or substantially all of the assets and undertaking of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon: (A) the transferor shall immediately cease to be a Principal Subsidiary; and (B) the transferee shall immediately become a Principal Subsidiary, provided that on or after the date on which the audited annual accounts (or if applicable, the Relevant Accounts) for the financial period current at the date of such transfer are published or finalised, whether the transferor or the transferee is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraph (i) above.

A certificate addressed to the Trustee by two directors of the Issuer that in their opinion a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in London subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

11. Meetings of Bondholders, Modification, Waiver and Substitution

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provision of the Trust Deed or the Agency Agreement. Such a meeting may be convened by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*: (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds; (ii) to reduce or cancel the principal amount of, or interest on, the Bonds; (iii) to change the currency

of payment of the Bonds or the Coupons; or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 67 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at any meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) **Modification and Waiver:** The Trustee may agree, without the consent of the Bondholders or Couponholders, to: (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error; and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on all the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

12. Enforcement

The Trustee may, at its discretion and without further notice, take such steps or actions or institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such steps, actions or institute such proceedings unless: (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-fifth in principal amount of the Bonds outstanding; and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders or Couponholders on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Issuer, the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may

accept and shall be entitled to rely without liability to any person for so doing on any such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee, the Bondholders and the Couponholders.

14. Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities 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 Bondholders and the holders of securities of other series where the Trustee so decides.

15. Notices

Notices to Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition 15.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

The Trust Deed, the Bonds and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Bond contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Prospectus. The following is a summary of certain parts of those provisions.

1. Exchange

The Global Bond is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Bonds described below if the Global Bond is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date the holder of the Global Bond may surrender the Global Bond to or to the order of the Principal Paying Agent. In exchange for the Global Bond, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

Exchange Date means a day falling not less than 60 days after that on which the notice requiring exchange 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 in the cities in which the relevant clearing system is located.

2. Payments

Payments of principal, premium and interest in respect of Bonds represented by the Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Bond, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bonds. Condition 6(e)(iii) and Condition 7(d) will apply to the Definitive Bonds only. For the purpose of any payments made in respect of the Global Bond, Condition 6(d) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open in the financial centre of the currency of the Bonds.

3. Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

4. Prescription

Claims against the Issuer in respect of principal, premium and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5. Put Option

The Bondholders' put option in Condition 5(d) may be exercised by the holder of the Global Bond, giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the

option is exercised and presenting the Global Bond for endorsement of exercise within the time limits specified in Condition 5(d).

6. Meetings

The holder of the Global Bond shall be treated as having one vote in respect of each £100 in principal amount of Bonds at any meeting of the Bondholders.

7. Purchase and Cancellation

Cancellation of any Bond at the option of the Issuer following its purchase will be effected by reduction in the principal amount of the Global Bond.

8. Trustee's Powers

In considering the interests of Bondholders while the Global Bond is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond and may consider such interests as if such accountholders were the holder of the Global Bond.

CLEARING AND SETTLEMENT

Following their delivery into a clearing system, interests in Bonds may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Bonds. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the **CREST Nominee**) in the Underlying Bonds. Pursuant to the CREST Manual (as defined below), Bonds held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Bonds will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Bond, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Bonds on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Bonds and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Bonds by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Bonds to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Bonds and will not require a separate listing on the London Stock Exchange.

Prospective subscribers for Bonds represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Bonds which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the Underlying Bonds. The CDIs are separate legal instruments from the Underlying Bonds to which they relate and represent an indirect interest in such Underlying Bonds.
- (b) The Underlying Bonds themselves (as distinct from the CDIs representing indirect interests in such Underlying Bonds) will be held in an account with a custodian. The custodian will hold the Underlying Bonds through a clearing system. Rights in the Underlying Bonds will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Bonds or to interests in the Underlying Bonds will depend on the rules of the clearing system in or through which the Underlying Bonds are held.
- (c) Rights under the Underlying Bonds cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Bonds will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Bonds are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Bonds. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Bonds in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Bonds held in clearing systems

are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the **CREST Manual**) and the CREST Rules (the **CREST Rules**) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0)207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI. The contents of the CREST website shall not form part of this Prospectus.
- (g) Potential investors should note that CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDI's through the CREST International Settlement Links Service.
- (h) Potential investors should note that none of the Issuer, the Joint Lead Managers, the Trustee or any Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds, to be determined following completion of the Offer Period will be used by the Issuer to diversify the funding base of the Issuer and for the general corporate purposes of the Group.

The estimated total expenses incurred in connection with the transaction will be determined following completion of the Offer Period. However, at the date of this Prospectus the estimated total expenses to be incurred in connection with the offer and issue of Bonds is £1,300,000.

DESCRIPTION OF THE ISSUER

Information on the Group

The Issuer was incorporated and registered in England and Wales on 29 July 1986 under the Companies Act 1985 as a private limited company with number 2041612 and was re-registered as a public limited company on 12 June 1987. On 3 December 1993 the name of the Issuer was changed from London Industrial Public Limited Company to London Industrial PLC. On 31 July 1997 the name of the Issuer was changed from London Industrial PLC to Workspace Group PLC. The Issuer operates under the Companies Act 2006.

The Issuer's registered office and principal place of business is Chester House, Kennington Park, 1-3 Brixton Road, London SW9 6DE and its telephone number is +44 (0)20 7138 3300.

As at 31 August 2012, the Issuer has an issued share capital of £144,405,722 divided into 144,405,722 ordinary shares of £1.00 each.

At a general meeting of the Issuer held on 27 July 2010, the Issuer resolved to adopt new articles of association, which do not include any restrictions on the objects of the Issuer.

The Issuer is the ultimate parent company of the Group and is dependent on the performance of the Group for the satisfaction of its obligations.

Background and history

The Group provides tailored business space and services in London.

The Issuer was established as the vehicle for the privatisation of part of the former Greater London Council's industrial property portfolio, and floated on the London Stock Exchange in 1993.

The Group converted to REIT status on 1 January 2007 in order to benefit from the exemption on paying UK direct tax on the profits and gains arising from the Group's qualifying property rental business.

The Group raised net proceeds of £81 million through a rights issue in March 2009 to strengthen its balance sheet in the light of reducing property values and the economic downturn.

In July 2011, the Group raised net proceeds of £63 million through a rights issue to provide the Group with additional financial resources in order to accelerate the investment programme across its existing portfolio and to take advantage of attractively priced property acquisitions.

As at 31 August 2012, the Issuer had a market capitalisation of approximately £373 million.

Overview

The Group provides business premises tailored to the needs of new and growing companies across London. The Group owns and manages over 100 properties in London providing 5.4 million square feet of space and is home to some 4,000 businesses. The Group's customer base of businesses has shown itself to be resilient against the backdrop of a challenging economic environment and the Group continues to see strong demand from new and growing companies across London.

Objectives

The Group's vision is to be the leading provider of flexible space and services that enable new and growing businesses to succeed. The Group has a four-part strategy for achieving this vision:

- owning the right properties that are tailored to the Group's customers' needs and intensively managing these properties to drive occupancy and rents;
- maximising the value of the Group's London based property portfolio and its wider opportunities for repositioning and redevelopment;
- understanding the Group's customers and enhancing the Workspace brand by responding to customers' needs; and
- working sustainably as part of everyday business for the Group, its customers and its partners.

Group strengths

Successful operational track record and stable business model

- The Group's property portfolio in London consists of a broad range of business and industrial estates with a focus on properties that are well located, prominent and characteristic.
- The Group has a high level of customer recognition and satisfaction; its surveys show that 88 per cent of customers would recommend the Group to a friend or colleague.
- There is a strong demand for units from prospective customers, with enquiries averaging over 1,000 per month in the year to 31 March 2012 and new lettings averaging over 80 per month over the same period.
- The Group has an extensive customer base with some 4,000 businesses across a broad range of sectors which has shown itself to be resilient against the backdrop of a challenging economic environment. Over the last 10 years, like-for-like occupancy has averaged 87 per cent. At 31 March 2012 like-for-like occupancy was 87.8 per cent.
- The Group has a long track record of consistent trading profit and strong cash generation with the dividend covered by trading profit growing at a compound rate of 12 per cent per annum over the last 10 years.
- Over 90 per cent of lettings are done *via* in-house marketing sources such as website, signage and customer referral enabling the Group to have more direct contact with, and knowledge of, its customers.
- The Group has visible branding around London on over 10,000 sq. ft. of billboards and significant online presence.

Diverse property portfolio and customer base

- The Group owns and manages a diverse portfolio of over 100 properties, making up total lettable floor area of 5.4 million sq. ft. The property portfolio consists of a broad range of properties ranging from business centres (including offices and studios) through to light industrial centres and workshops.
- As at 31 March 2012, the Group had approximately 4,000 customers, with the largest 10 customers combined representing less than 6 per cent of its rent roll.
- Many of the Group's properties are located in local geographical clusters, enabling the Group's customers to move within the Group's portfolio without leaving the locality in which they already operate.

Strategic focus on London's new and growing companies

- The Group is one of the leading providers of business premises to new and growing companies across London with the vast majority of its properties located in the London region within the boundary of the M25 motorway circling London.
- The Group aims to meet the needs of new and growing companies by providing tailored space and services and allowing expansion and contraction easily at short notice.

Portfolio management

The Group has a track record of active portfolio management, creating significant value from the acquisition and disposal of property assets. The Group's acquisition strategy is to acquire interesting buildings in areas of change with good transport links and remarket the property under the Workspace brand with intensive management and focused marketing to improve occupancy and rental pricing. It also looks for opportunities to generate added value from redevelopment or sale of properties for alternative use.

Portfolio Performance

The like-for-like property portfolio, which excludes properties impacted by refurbishment or redevelopment, has seen both occupancy and rents improve over the 2011/12 financial year.

Like-for-like properties	31 March 2012	31 March 2011
Occupancy	87.8%	86.1%
Rent roll	£44.5m	£42.5m
Rent per sq. ft.	£12.61	£12.20

Like-for-like occupancy growth was stronger in the first half of the 2011/12 financial year while pricing increases were more dominant in the second half. This reflects the increasing number of properties that are now at or above 90 per cent occupancy, the level at which pricing on both new lettings and lease renewals can typically be increased. As at 31 March 2012, 42 of the 77 properties in the like-for-like category were at or above this 90 per cent occupancy level (March 2011: 37 properties).

Overall occupancy improved to 85.3 per cent as at 31 March 2012 (March 2011: 83.6 per cent) and cash rent roll increased to £50.2 million (March 2011: £48.9 million). The contracted rent roll is £2.5 million higher than the cash rent roll at £52.7 million as at 31 March 2012. This relates primarily to stepped rent increases and rent free periods.

The improving levels of occupancy and rent roll have translated into a good growth in income and trading profit in the 2011/12 financial year.

	31 March 2012 £m	31 March 2011 £m
Net rental income – underlying	44.6	42.9
Net rental income – disposals	0.2	3.0
BlackRock Joint Venture income	0.5	0.1
Administrative expenses	(10.2)	(9.7)
Net finance costs	(19.1)	(22.1)
Trading profit after interest (adjusted)	16.0	14.2

Underlying net rental income is up 4 per cent (£1.7 million) in the 2011/12 financial year. The growth in income at like-for-like properties of 5 per cent (£1.9 million) and new income from completed refurbishments has been offset by the income attrition at properties currently being refurbished and redeveloped, as summarised below:

	£m
Like-for-like income growth	1.9
Income uplift at completed refurbishments	0.2
Income lost at sites being refurbished	(0.1)
Income lost at sites being redeveloped	(0.3)
Net rental income increase – underlying	1.7

The income from BlackRock Workspace Property Trust (the **BlackRock Joint Venture**) represents 20.1 per cent share of income from the eight properties the Group sold to the BlackRock Joint Venture in February 2011, together with the income from the three properties acquired by the BlackRock Joint Venture during the second half of the 2011/12 financial year.

Administrative expenses are up 5 per cent (£0.5 million) primarily due to inflationary cost and salary increases and higher bonus levels.

Net finance costs fell by £3.0 million with net bank debt reducing over the 2011/12 financial year from £367 million to £314 million as a result of a rights issue by the Issuer in July 2011, together with a reduction in the average interest cost to 5.1 per cent from 5.3 per cent in the 2010/11 financial year.

Trading profit after interest (adjusted to include the rental income from the BlackRock Joint Venture) is up 13 per cent to £16.0 million in the 2011/12 financial year, benefiting from the growth in rental income and reduced interest cost. Reported profit before tax has fallen by £4.3 million in the 2011/12 financial year to £48.5 million. The growth in trading profit and an increase of £4.8 million in the property valuation surplus has been offset by an adverse movement of £9.9 million in the mark to market value of the Group's interest rate hedges. These hedges are structured to give stability to the

interest cost over the medium-term to June 2015. The market to market valuation represents the potential cost to the Group if these hedging contracts were cancelled. However the Group intends to hold these to maturity with the cost expensed as part of its reported interest cost over the period to June 2015.

	31 March 2012 £m	31 March 2011 £m
Trading profit after interest (adjusted)	16.0	14.2
Property valuation gain	35.6	30.8
Mark to market – Interest hedging	(4.6)	5.3
Other items	1.5	2.5
Profit before tax	48.5	52.8

Valuation

As at 31 March 2012, the wholly owned portfolio was independently valued by CBRE Limited (the **Valuer**) at £760 million. The underlying valuation of the Group's property portfolio increased by 3.0 per cent (£21 million) in the second half of the 2011/12 financial year and 5.1 per cent (£37 million) over the 2011/12 financial year, excluding the impact of capital expenditure and disposals. The valuation movements are set out below:

	£m
Valuation at 31 March 2011	719
Property disposals	(13)
Capital expenditure	18
Revaluation surpluses:	
Six months to September 2011	16
Six months to March 2012	21
Other	(1)
Valuation at 31 March 2012	760

The Group delivered a total property return over the 2011/12 financial year of 13.4 per cent compared to 6.4 per cent for the IPD Universe benchmark. This outperformance was driven by the Issuer's efforts in driving rental income growth and capturing the redevelopment and alternative use potential at a number of properties. There was no benefit from movement in valuation yields.

The valuation includes £94 million (2011: £79 million) of added value in relation to redevelopment potential for additional commercial space or other uses such as residential or student housing. The status of the properties where the Valuer included this added value is set out below:

	Number of Properties	Added Value £m
Planning application in progress	7	17
Planning consent obtained	15	37
Redevelopment in progress	3	40
Total Added Value		94

The total net initial yield of the portfolio as reported by the Valuer was 7.1 per cent at March 2012 compared to 6.8 per cent at March 2011 with no movement in the reported equivalent yield over the 2011/12 financial year, steady at 8.4 per cent.

Total estimated rental value (**ERV**) of the portfolio at March 2012 was £65.4 million compared to cash rent roll £50.2 million. ERV of the like-for-like portfolio is up 3.5 per cent over the 2011/12 financial year to £52.9 million (cash rent roll £44.5 million). Capital value per sq. ft. is £152, up from £137 at March 2011.

During the 2011/12 financial year the Group realised £13 million from the disposal of various low income producing (£0.3 million) tracts of land, comprising:

- car park at Ewer Street on the Southbank for student housing for £3.9 million;
- small industrial estate near London Bridge for a 26 unit residential development for £1.7 million;

- the Group's former head office and adjacent car park at Whitechapel for student housing for £3.9 million; and
- car park at Greenheath Business Centre for a 76 unit residential development for £3.5 million.

In April 2012 the Issuer established a 50:50 joint venture partnership with Polar Group for the potential redevelopment of Enterprise House, Hayes. This is a 130,000 sq. ft. Grade II listed office building, formerly part of the EMI head office complex, well located adjacent to the proposed Hayes and Harlington Crossrail station. The Group sold this property into the joint venture at a valuation of £3.2 million (a £0.9 million valuation uplift from its value at March 2011). The Issuer will act as property manager while Polar Group will progress the planning for a mixed use redevelopment.

Subsidiaries

The table below shows the significant subsidiaries of the Issuer (being those that the Issuer considers are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses) as at the date of this Prospectus:

Subsidiary	Country of incorporation	Principal activity	Percentage ownership and voting interest of the Company
Workspace 11 Limited	England & Wales	Property investment	100%
Workspace 12 Limited*	England & Wales	Property investment	100%
Workspace 13 Limited	England & Wales	Property investment	100%
Workspace 14 Limited*	England & Wales	Property investment	100%
Workspace 15 Limited	England & Wales	Property investment	100%
Workspace 16 (Jersey) Limited	Jersey	Investor in the BlackRock Joint Venture	100%
Workspace Holdings Limited	England & Wales	Holding company	100%
Workspace Management Limited	England & Wales	Property management	100%
LI Property Services Limited	England & Wales	Insurance agents	100%
Workspace Glebe Limited	England & Wales	Holding company	100%
Glebe Three Limited+	England & Wales	Property investment	100%

* The Issuer indirectly owns 100 per cent of the share capital and 100 per cent of the voting interest in this subsidiary *via* its interest in other group companies.

Major Shareholders

As at 31 August 2012, so far as is known to the Issuer by virtue of the notifications made to it pursuant to the Disclosure and Transparency Rules, the persons (other than Directors and Senior Managers), who are, directly or indirectly, interested in 3 per cent or more of the Issuer's share capital are as follows:

Name	Number of Ordinary Shares	Shareholding percentage
Mr S N Roditi*	38,872,927	26.92%
BlackRock Inc	14,829,257	10.27%
F&C Asset Management Plc	10,177,867	7.05%
Aberforth Partners	7,544,214	5.22%
Legal & General Investment Management	7,443,467	5.15%
Invesco Perpetual	6,427,237	4.45%

* Mr Roditi's shareholding is held *via* a number of different trusts and legal entities.

Note:

The holdings above may include both beneficial and non-beneficial holdings.

None of those persons identified above have voting rights that differ from the voting rights of other shareholders.

As at 31 August 2012, the Issuer is not aware of any person who directly or indirectly, jointly or severally, by any entity, exercises or could exercise control over the Issuer nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.

Directors, senior management and supervisory bodies

Directors and Senior Managers

The Directors and Senior Managers, all of whose business addresses are at Chester House, Kennington Park, 1-3 Brixton Road, London SW9 6DE are as follows:

Directors

(A) **Daniel Kitchen** (*Non-Executive Chairman*)

Daniel Kitchen was appointed to the Board on 6 June 2011 and subsequently took on the role as Chairman at the annual general meeting in July 2011, in succession to Antony Hales. He was previously Deputy Chief Executive at Heron International plc and prior to that was Finance Director at Green Property for eight years. He is currently Non-Executive Chairman of Key Capital Real Estate Ltd and a Non-Executive Director of LXB Retail Properties PLC and Irish Takeover Panel Limited, having retired as Non-Executive Chairman of Irish Nationwide Building Society in July 2011 and as a Non-Executive Director of Kingspan Group PLC in May 2012. Daniel is also the Chairman of the Nominations Committee and a member of the Remuneration Committee.

(B) **Jamie Hopkins** (*Chief Executive Officer*)

Jamie Hopkins was appointed to the Board as a Non-Executive Director in June 2010 then subsequently took on the role as Chief Executive on 1 April 2012. He was previously Chief Executive and a Non-Executive Director of Mapeley PLC and a Director of Chester Properties. Prior to that, he was a Director of Delancey Estates and Savills. Jamie is a Member of the Corporate Board of Great Ormond Street Hospital Children's Charity.

(C) **Graham Clemett** (*Chief Financial Officer*)

Graham Clemett joined the Board as Finance Director in July 2007. Previously he was Finance Director for UK Corporate Banking at RBS Group PLC where he worked for a period of five years. Prior to that, Graham spent eight years at Reuters Group PLC, latterly as Group Financial Controller.

(D) **Maria Moloney** (*Non-Executive Director*)

Maria Moloney was appointed to the Board in May 2012. She was previously on the Board of the Belfast Harbour Commissioners, the Industrial Development Board for Northern Ireland and Northern Ireland Transport Holdings Company. She also served on the UK's Independent Television Commission in London and on the Board of the University of Ulster Foundation. Maria, a lawyer, is currently a Non-Executive Director of the Broadcasting Authority of Ireland in Dublin and a Trustee of the of the Northern Ireland Cancer Centre in Belfast. Maria is also a member of the Nominations, Remuneration and Audit Committees.

(E) **John Bywater** (*Non-Executive Director*)

John Bywater was appointed to the Board in June 2004. He is Managing Director of Caddick Developments Ltd, a Non-Executive Director of British Waterways and Realis Estates, a private property company, a Non-Executive Director of Low Carbon Workspace Limited and a Trustee of Opera North. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominations Committees.

(F) **Bernard Cragg** (*Senior Independent Non-Executive Director*)

Bernard Cragg was appointed to the Board in June 2003. He is a Non-Executive Director of Astro Overseas Limited and Astro Malaysia Holdings SDN BHD and the Senior Independent Director of Mothercare PLC and Progressive Digital Media PLC. He was previously Chairman of i-mate PLC, Datamonitor PLC and a Non-Executive Director of Bristol & West PLC. He was formerly Group Finance Director and Chief Financial Officer of Carlton Communications PLC and a Non-Executive Director of Arcadia PLC. He is the Chairman of the Audit Committee and a member of the Remuneration and Nominations Committees.

(G) **Carmelina Carfora** (*Company Secretary*)

Carmelina Carfora was appointed Company Secretary in March 2010. She was previously Group Company Secretary of Electrocomponents PLC. She has also worked in the construction industry and for a consultancy firm offering company secretarial services.

Senior Managers

(H) **Angus Boag** (*Development Director*)

Angus Boag joined the Group in June 2007 as Development Director, responsible for identifying and implementing improvement and redevelopment opportunities within the Group's property portfolio. He also leads on social environmental and ethical issues. Prior to joining the Group he was at Manhattan Loft Corporation for 12 years, joining as Development Director and then being appointed as Managing Director in 2001.

(I) **Chris Pieroni** (*Operations Director*)

Chris Pieroni joined the Group in October 2007 as Operations Director, responsible for asset management, marketing, lettings and professional services. Prior to joining the Group he worked at KPMG specialising in real estate and infrastructure finance. He began his professional career teaching economics at Cambridge University. He joined Colliers Erdman Lewis in 1993, later becoming Chief Operating Officer. Chris was a Non-Executive Director of the Group from 2000 until his retirement from the Board in August 2006.

(J) **Tom Tyler** (*Investment Director*)

Tom Tyler joined the Group in June 2012 as Investment Director responsible for acquisitions and disposals, investment management and valuations throughout the Group. Tom was previously at Savills from 1994 to 1999 before joining Chester Properties where he was responsible for various joint ventures with UBS and Schroders.

The principal outside activities of the Directors and Senior Managers of the Issuer are as follows:

Name	Position	Principal outside activities
Daniel Kitchen	Non-Executive Chairman	Key Capital Real Estate Ltd LXB Retail Properties PLC Irish Takeover Panel Limited
Jamie Hopkins	Chief Executive Officer	Corporate Board of Great Ormond Street Hospital Children's Charity
Graham Clemett	Chief Financial Officer	–
Maria Moloney	Non-Executive Director	Broadcasting Authority of Ireland Northern Ireland Cancer Centre
John Bywater	Non-Executive Director	Caddick Developments Limited British Waterways Realis Estates Limited Low Carbon Workplace Limited Opera North Limited
Bernard Cragg	Senior Independent Non-Executive Director	Mothercare PLC Astro Overseas Limited Astro Malaysia Holdings SND BHD Progressive Digital Media Group PLC
Carmelina Carfora	Company Secretary	–
Angus Boag	Development Director	–
Christopher Pieroni	Operations Director	Business Centres Association
Tom Tyler	Investment Director	Chester Properties Asset Management Ltd

There are no potential conflicts of interest between any duties to the Issuer of the Directors and the Senior Managers referred to above and their respective private interests and/or other duties.

Board practices and governance

Corporate governance

The Issuer is committed to principles of good corporate governance and supports the principles set out in the new UK Corporate Governance Code. The Issuer has complied throughout the financial year ended 31 March 2012 with the provisions of the Combined Code on Corporate Governance issued in June 2008 and has complied with the provisions of the UK Corporate Governance Code for the period from 1 April 2011 up to and including the date of this Prospectus.

Committees

The Board has appointed a nomination committee (the **Nominations Committee**), a remuneration committee (the **Remuneration Committee**) and an audit committee (the **Audit Committee**) with formally delegated duties and responsibilities with written terms of reference. The Board has also appointed an executive committee (the **Executive Committee**).

(A) Nominations Committee

The Nominations Committee is comprised of Daniel Kitchen (as the Nominations Committee Chairman), John Bywater, Bernard Cragg and Maria Moloney. The Nominations Committee meets as required, and met five times during the year ended 31 March 2012.

The Nominations Committee is responsible for:

- the selection and appointment of all directors; and
- taking an overview of the general staffing and management of the business, including succession planning.

Whilst the Nominations Committee leads the process of appointing additional directors and/or members of the Executive Committee, the Nominations Committee Chairman consults with all of the Directors on a regular basis throughout the process. In addition, all appointments are subject to the review and approval of the full Board and all directors are invited to meet with a candidate before their appointment is recommended to the Board.

(B) Remuneration Committee

The Remuneration Committee meets at least two times per calendar year although additional meetings will be held if required. The Remuneration Committee met nine times in the year ended 31 March 2012. The Remuneration Committee is comprised of John Bywater (as the Remuneration Committee Chairman), Bernard Cragg, Daniel Kitchen and Maria Moloney. The objective of the Remuneration Committee is to develop remuneration packages for the executive Directors, including both short-term and long-term incentive arrangements, to enable the Group to attract, retain and motivate executive directors of the necessary calibre without paying more than is necessary for this purpose. The Remuneration Committee is also responsible for recommending the Chairman's remuneration to the Board in compliance with the UK Corporate Governance Code.

(C) Audit Committee

The Audit Committee comprises Bernard Cragg (as the Audit Committee Chairman), John Bywater and Maria Moloney. The Audit Committee meets three times per calendar year and met three times in the year ended 31 March 2012.

During the Issuer's last financial year, the Audit Committee was responsible for reviewing and reporting to the Board on a range of matters including:

- the interim and annual financial statements;
- the appropriateness of the Group's accounting policies and practices;
- the valuations of the Group's property portfolio;
- the review of the Group's internal control and risk management systems;
- the external auditor's management letter;

- the need for an internal audit function;
- the Issuer's compliance with REIT legislation; and
- the review of fraud risk.

The Audit Committee's terms of reference cover the Group's risk management activities as a whole and extend to advising the Board on the appointment of external auditors, their remuneration for audit and non-audit work, their cost effectiveness, independence and objectivity, as well as discussing the nature, scope and results of the audit with the external auditors.

Due to its size and structure, the Group does not have an internal audit function, a matter kept under annual review by the Audit Committee. However, the Group does undertake a programme of financial, operational and health and safety audits at its estates. These are carried out by qualified senior head office personnel on a rotational basis. The Group uses an external auditor, PricewaterhouseCoopers LLP, for relevant financial work for a variety of reasons, including their knowledge of the Group, the audit-related nature of the work and the need to maintain confidentiality.

(D) Executive Committee

The Executive Committee is comprised of Jamie Hopkins (as the Executive Committee Chairman), Graham Clemett, Tom Tyler, Angus Boag and Chris Pieroni. The Executive Committee facilitates and assists the Chief Executive in managing the day-to-day activities of the Group and addressing Group-wide issues and initiatives. The Executive Committee reviews and approves capital expenditure, disposals and certain acquisitions within established levels of authority; monitors the operating and financial results against plans and budgets; and reviews the effectiveness of risk management and control procedures.

Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds:

BayernLB Facility Agreement

On 30 June 2010, Workspace 14 Limited as borrower (the **Borrower**), the Issuer as guarantor (the **Guarantor**) (together with the Borrower, the **Obligors**), BayernLB as agent, security trustee, and, together with Abbey National Treasury Services plc, Deutsche Pfandbriefbank AG and Nationwide Building Society as lenders and Abbey National Treasury Services plc and Deutsche Pfandbriefbank AG as hedge counterparties entered into a facility agreement (the **BayernLB Facility Agreement**).

At the date of this Prospectus, the aggregate amount currently outstanding under the BayernLB Facility Agreement is £200 million.

The terms of the BayernLB Facility Agreement provide that (amongst others) the interest rate payable is LIBOR plus 2.25 per cent together with any mandatory costs as calculated in accordance with the BayernLB Facility Agreement, should they arise. The final repayment date under the BayernLB Facility Agreement is 30 June 2015.

Representations and warranties customary for this type of facility have been given by each of the Obligors. The terms of the financial covenants under the BayernLB Facility Agreement provide that the Borrower shall ensure that: (a) the loan to value ratio does not exceed: (i) 70 per cent from and including the date on which the loan under the BayernLB Facility was made to and including 30 June 2013; and (ii) 65 per cent from, but not including, 30 June 2013; (b)(i) the interest cover ratio is 140 per cent from and including the date on which the loan under the BayernLB Facility was made up to and including 30 June 2013; and (ii) 145 per cent from and including 30 September 2013; and (c)(i) the projected interest cover ratio is at least 140 per cent from and including the date on which the loan under the BayernLB Facility was made to and including 30 June 2013; and (ii) 145 per cent from and including 30 September 2013. The BayernLB Facility Agreement contains a change of control clause which is triggered if: (1) the Borrower ceases to be the wholly owned subsidiary of Workspace Holdings Limited (the **Parent**); (2) the Parent ceases to be a wholly owned subsidiary of the

Guarantor; and/or (3) any person or group of persons acting in concert gains direct or indirect control of the Guarantor.

The Borrower has entered into legal charges and a debenture pursuant to which the Borrower has granted certain security over the properties and all other assets owned by the Borrower in favour of the security trustee. The Parent has entered into a share charge in respect of its shares in the Borrower.

Lloyds BoS Facility Agreement

On 11 December 2009, a Debt Compromise and Amendment and Restatement Agreement was entered into between Workspace Glebe Limited (the **Borrower**), Workspace 12 Limited and Glebe Three Limited (together with the Borrower, the **Obligors**), Bank of Scotland plc as arranger, lender, hedging counterparty, agent, account bank and security trustee, and The Bank of East Asia, Limited, London as lender (the **Parties**) (the **Debt Compromise Agreement**). The Debt Compromise Agreement amended, restated and released part of the amount under a facility agreement entered into on 11 June 2006 by the Parties (the **Original Facilities Agreement**).

At the date of this Prospectus, the aggregate amount currently outstanding under the Original Facilities Agreement as amended by the Debt Compromise Agreement (the **Lloyds BoS Facility Agreement**) is £68 million.

The terms of the Lloyds BoS Facility Agreement provide that (amongst others) the interest rate payable is LIBOR plus 1.25 per cent together with any mandatory costs as calculated in accordance with the Lloyds BoS Facility Agreement, should they arise. The final repayment date for the Lloyds BoS Facility Agreement is five years from the date on which the agent confirmed to the Borrower that it had received all documents as required under the Debt Compromise Agreement.

Representations and warranties customary for this type of facility have been given by each of the Obligors. The terms of the financial covenants provide that the Borrower shall ensure that: (a) the loan to security value ratio does not exceed 85 per cent at any time; (b)(i) the interest cover in respect of the relevant periods ending 31 March 2010, 2011 and 2012, 30 June 2010, 2011 and 2012, 30 September 2010, 2011 and 2012, and 31 December 2010, 2011 and 2012 is not less than a ratio of 1.1:1; and (ii) the interest cover in respect of the relevant period ending 31 March 2013, 30 June 2013, 30 September 2013, 31 December 2013 and thereafter is not less than 1.25:1; and (c) capital expenditure for any financial year does not exceed 110 per cent of the predicted capital expenditure for that financial year. The Lloyds BoS Facility Agreement contains a change of control clause which is triggered when: (1) the Group ceases to control directly or indirectly the Borrower; and/or (2) any person or group of persons acting in concert gains direct or indirect control of the Borrower.

Each Obligor has entered into debentures pursuant to which it has granted certain security over the properties and all other assets owned by it to the security trustee. Additionally, the Issuer has entered into a charge in respect of its shares in the Borrower and certain intercompany receivables.

RBS-HSBC Facility Agreement

On 3 June 2011 as amended on 6 July 2011, Workspace 13 Limited as borrower (the **Borrower**), the Issuer as parent guarantor (the **Parent Guarantor**), Workspace Management Limited as subsidiary guarantor (together with the Borrower, the **Obligors**), The Royal Bank of Scotland plc as arranger, agent and security trustee, HSBC Bank plc, and National Westminster Bank plc as lender and hedge counterparty, and HSBC Bank plc as lender (together, the **Lenders**) entered into a facility agreement (the **RBS-HSBC Facility Agreement**). The RBS-HSBC Facility Agreement is comprised of a committed revolving loan facility (of up to £55 million) and a committed term loan facility (of up to £70 million).

At the date of this Prospectus, the aggregate amount currently outstanding under the committed revolving loan facility and term loan facility under the RBS-HSBC Facility Agreement is £70 million.

The terms of the RBS-HSBC Facility Agreement provide that (amongst others) the interest rate payable under the committed revolving loan facility is LIBOR plus 2.75 per cent and the interest rate payable on the committed term loan facility is LIBOR plus 2.50 per cent. The final repayment date for the committed revolving loan facility and committed term loan facility is 3 June 2015.

Representations and warranties customary for this type of facility have been given by each of the Obligors under the RBS-HSBC Facility Agreement. The terms of the financial covenants provide that:

(a) the Borrower's interest cover ratio must be: (i) on or prior to 30 June 2013, at least 150 per cent; (ii) after 30 June 2013 but on or prior to 31 December 2013, at least 155 per cent; (iii) after 31 December 2013 but on or prior to 30 June 2014, at least 160 per cent; and (iv) after 30 June 2014, at least 165 per cent; (b) the Group's interest cover ratio must be at least 125 per cent; and (c) the loan-to-value ratio must not at any time exceed 65 per cent. The RBS-HSBC Facility Agreement contains a change of control clause which is triggered if the Parent Guarantor ceases to be the only shareholder of the Borrower.

The Borrower has entered into legal charges and a debenture pursuant to which the Borrower has granted certain security over the properties and all other assets owned by the Borrower to the Lenders and the Parent Guarantor. Workspace 11 Limited and Workspace 15 Limited have entered into a share charge in respect of their shares in the Borrower.

SELECTED FINANCIAL INFORMATION

Consolidated Income Statement

	Twelve months to 31 March 2012 (Audited) £m	Twelve months to 31 March 2011 (Audited) £m
Revenue	67.3	68.8
Direct costs	(22.5)	(22.9)
Net rental income	44.8	45.9
Administrative expenses	(10.2)	(9.7)
	34.6	36.2
Other income	–	0.1
Profit on disposal of investment properties	0.9	2.8
Loss on disposal of property, plant and equipment	(0.1)	–
Change in fair value of investment properties	35.6	30.8
Operating profit	71.0	69.9
Finance income	0.2	0.1
Finance costs	(19.3)	(22.2)
Change in fair value of derivative financial instruments	(4.6)	5.3
Gains/(losses) from share in joint ventures	1.2	(0.3)
Profit before tax	48.5	52.8
Taxation	0.5	0.7
Profit for the year after tax and attributable to equity shareholders	49.0	53.5
Basic earnings per share*	36.3p	45.4p
Diluted earnings per share*	35.5p	44.4p
EPRA earnings per share*	11.9p	12.4p

* Comparative figures have been restated to reflect the rights issue and share consolidation in 2011.

Consolidated Statement of Comprehensive Income

	Twelve months to 31 March 2012 (Audited) £m	Twelve months to 31 March 2011 (Audited) £m
Profit for the financial year	49.0	53.5
Revaluation of owner occupied property	–	1.2
Total comprehensive income attributable to equity shareholders	49.0	54.7

Consolidated Balance Sheet

	As at 31 March 2012 (Audited) £m	As at 31 March 2011 (Audited) £m
Non-current assets		
Investment properties	759.3	713.4
Intangible assets	0.3	0.4
Property, plant and equipment	1.1	4.6
Investment in joint venture	12.3	6.7
Trade and other receivables	4.6	4.9
	777.6	730.0
Current assets		
Trade and other receivables	10.6	8.3
Cash and cash equivalents	26.5	2.3
Corporation tax asset	0.6	–
	37.7	10.6
Current liabilities		
Bank overdraft	–	(3.2)
Derivative financial instruments	(14.2)	(10.9)
Trade and other payables	(27.5)	(28.0)
	(41.7)	(42.1)
Net current liabilities	(4.0)	(31.5)
Non-current liabilities		
Borrowings	(337.3)	(363.8)
Other non-current liabilities	(0.9)	(0.9)
	(338.2)	(364.7)
Net assets	435.4	333.8
Shareholders' equity		
Ordinary shares	144.1	115.3
Share premium	59.2	25.0
Investment in own shares	(8.7)	(8.0)
Other reserves	13.9	15.0
Retained earnings	226.9	186.5
Total shareholders' equity	435.4	333.8
EPRA net asset value per share*	£3.08	£2.86

* Comparative figures have been restated to reflect the rights issue and share consolidation in 2011.

Consolidated Statement of Cash Flows

	Twelve months to 31 March 2012 (Audited) £m	Twelve months to 31 March 2011 (Audited) £m
Cash flows from operating activities		
Cash generated from operations	35.8	37.9
Interest received	0.1	0.1
Interest paid	(18.5)	(21.9)
Tax paid	(0.1)	(2.1)
Net cash inflow from operating activities	17.3	14.0
Cash flows from investing activities		
Capital expenditure on investment properties	(18.3)	(9.4)
Net proceeds from disposal of investment properties	8.8	43.9
Purchase of intangible assets	(0.1)	(0.2)
Purchase of property, plant and equipment	(0.7)	(0.4)
Net proceeds from disposal of property, plant and equipment	3.8	–
Investment in and loan to joint ventures	(4.8)	(7.4)
Movement in short-term funding balances with joint venture	(0.1)	0.6
Distributions received from joint venture	0.4	–
Net cash (outflow)/inflow from investing activities	(11.0)	27.1
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	66.3	–
Fees paid on share issue	(3.3)	–
Finance costs for new/amended borrowing facilities	(2.2)	(3.8)
Settlement and re-couponsing of derivative financial instruments	(1.3)	(6.5)
Repayment of bank borrowings	(25.5)	(17.3)
Movement on bank facility rental income accounts	(1.7)	(5.0)
ESOT shares net purchase	(0.7)	(0.8)
Finance lease principal payments	–	(0.2)
Dividends paid	(10.5)	(8.2)
Net cash inflow/(outflow) from financing activities	21.1	(41.8)
Net increase/(decrease) in cash and cash equivalents	27.4	(0.7)
Cash and cash equivalents at start of year	(0.9)	(0.2)
Cash and cash equivalents at end of year	26.5	(0.9)

TAXATION

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) (each of which is subject to change, possibly with retrospective effect) and are not intended to be exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Bonds and Coupons and may not apply to certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer. Any Bondholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers.

Withholding

While the Bonds continue to be listed on a recognised stock exchange within the meaning of Section 1005 Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

On 27 March 2012, HM Revenue & Customs published a consultation document setting out proposals for repealing this exemption from withholding tax for certain intra-group transactions. Bondholders are therefore advised to consult their independent professional tax advisers as to the implications of any future changes.

If the Bonds cease to be listed interest will generally be paid by the Issuer under deduction of income tax at the basic rate unless:

- (a) another relief applies; or
- (b) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If interest were paid under deduction of United Kingdom income tax (e.g. if the Bonds lost their listing), Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Information Reporting and Savings Directive

(a) Information Reporting

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person who is an individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

(b) EU Directive on the Taxation of Savings Income

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Taxation of Disposal (including Redemption) and Return

(a) **Corporate Bondholders**

Bondholders within the charge to United Kingdom corporation tax (including non-resident Bondholders whose Bonds are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be subject to tax as income on all profits and gains from the Bonds broadly in accordance with their statutory accounting treatment. Such Bondholders will generally be charged in each accounting period by reference to interest and other amounts which, in accordance with generally accepted accounting practice, are recognised in determining the Bondholder's profit or loss for that period. Fluctuations in value relating to foreign exchange gains and losses in respect of the Bonds will be brought into account as income.

(b) **Other Bondholders**

(i) *Interest*

Bondholders who are either individuals or trustees and are resident or ordinarily resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bonds are attributable will generally be liable to United Kingdom tax on the amount of any interest received in respect of the Bonds.

(ii) *Transfer (including redemption)*

The Bonds are "qualifying corporate bonds" with the result that on a disposal of the Bonds neither chargeable gains nor allowable losses will arise for the purposes of taxation of capital gains.

(iii) *Accrued Income Scheme Language*

A transfer of a Bond by a Bondholder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Bond is attributable may give rise to a charge to tax on income in respect of an amount representing interest on the Bond which has accrued since the preceding interest payment date.

(iv) The Bonds will be qualifying investments for the stocks and shares component of an account (an **ISA**) under the Individual Savings Account Regulations 1998 (the **ISA Regulations**) provided that at the date the Bonds are first held under the account: (1) the terms of the Bonds do not require them to be re-purchased or redeemed within the period of five years from that date or allow the Bondholders so to require except in circumstances that are neither certain nor likely to occur; and (2) either the Bonds or the shares of the Issuer are listed on the official list of a recognised stock exchange. Bondholders who acquire or hold their Bonds through an ISA and who satisfy the requirements for tax exemption in the ISA Regulations will not be subject to United Kingdom tax on interest or other amounts received in respect of the Bonds.

The opportunity to invest in Bonds through an ISA is restricted to individuals. Individuals wishing to purchase the Bonds through an ISA should contact their professional advisers regarding their eligibility.

The interest has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment irrespective of the residence of the Bondholder. However, where the interest is paid without withholding or deduction on account of United Kingdom tax, the interest will not be assessed to United Kingdom tax in the hands of Bondholders who are not resident in the United Kingdom, except where the Bondholder carries on a trade, profession or vocation through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the Bonds are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency, or permanent establishment.

Bondholders should note that the provisions relating to additional amounts referred to in "*Terms and Conditions of the Bonds – Taxation*" above would not apply if HM Revenue & Customs

sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

Inheritance Tax

Provided that the relevant Bonds are physically held outside the United Kingdom at the time of death or when the gift is made no inheritance tax is charged on such death or gift if the Bondholder is neither domiciled, nor deemed to be domiciled, in the United Kingdom. Where the Bonds are held in a clearing system HM Revenue & Customs is known to consider that the *situs* of the relevant assets is not necessarily determined by the place where the Bonds are physically held.

Prospective Bondholders to whom this may be of significance are asked to consult their own professional advisers.

United Kingdom Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue or transfer by delivery of a Bond or on its redemption.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement expected to be dated on or about 3 October 2012 (the **Subscription Agreement**), Investec Bank plc and Numis Securities Limited (together the **Joint Lead Managers** and each, a **Joint Lead Manager**) are expected to agree to procure subscribers for the Bonds at the issue price of 100 per cent of the principal amount of Bonds, less an arrangement and management fee of 0.75 per cent of the principal amount of the Bonds and a distribution fee of 0.50 per cent of the principal amount of the Bonds. The distribution fee may be shared between the Joint Lead Managers, the Authorised Distributors (as defined below) and any other additional Authorised Distributors that are appointed by the Joint Lead Managers to procure places for and/or to distribute the Bonds. The Issuer will also reimburse each of the Joint Lead Managers in respect of certain of its expenses, and is expected to agree to indemnify each of the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer. The issue of the Bonds shall not be underwritten by the Joint Lead Managers or any other person.

United States

The Bonds have not been and will not be registered under the Securities Act and the Bonds are subject to US tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of US persons. Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Bonds within the United States or to, or for the account or benefit of US persons. The Bonds are being offered and sold outside the United States in reliance on, Regulation S under the Securities Act.

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

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each of the Joint Lead Managers 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 Bonds which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the United Kingdom from the time the Prospectus has been approved by the competent authority in the United Kingdom and published in accordance with the Prospectus Directive as implemented in the United Kingdom until the Issue Date or such later date as the Issuer may permit, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Lead Managers; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Bonds to the public** in relation to any Bonds 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 Bonds to be offered so as to enable an Investor to decide to purchase or subscribe the Bonds, 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 amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State), and includes any

relevant implementing measure in each Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each of the Joint Lead Managers 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 Financial Services and Markets Act 2000 (**FSMA**)) received by it in connection with the issue or sale of any Bonds 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 any Bonds in, from or otherwise involving the United Kingdom.

Jersey

Each of the Joint Lead Managers has represented and agreed that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus, save to the extent that such Joint Lead Manager is authorised, or otherwise permitted, to do so pursuant to the Financial Services (Jersey) Law 1998 and/or the Control of Borrowing (Jersey) Order 1958.

Guernsey

This Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey. This Prospectus may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than: (a) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended; or (b) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and company Directors etc. (Bailiwick of Guernsey) Law, 2000.

Isle of Man

This Prospectus has not been and will not be registered or filed as a prospectus with any governmental or other authority in the Isle of Man and this Prospectus and the issue of the Bonds have not been approved by the Isle of Man Financial Supervision Commission. Any offer for subscription, sale or exchange of the Bonds in or from the Isle of Man must be made: (a) by an Isle of Man financial services licenceholder appropriately licensed under section 7 of the Financial Services Act 2008; (b) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011; or (c) in accordance with any available exemption contained in the Financial Services (Exemptions) Regulations 2011.

General

Save as described in the section "*Subscription and Sale – Public Offer*" below, no action has been taken by the Issuer or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

Public Offer

An offer of the Bonds (the **Offer**) may be made by any of the Authorised Distributors other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom, Jersey, Guernsey and the Isle of Man (the **Public Offer Jurisdictions**) during the period set out in paragraph (a) below. The Bonds may only be offered or sold in any jurisdictions (including, without limitation, the Public Offer

Jurisdiction), in accordance with the requirements of the relevant securities laws and regulations applicable in such jurisdictions.

(a) **Offer Period:**

The Offer is expected to open at 12 noon (London time) on 19 September 2012 and close at 12 noon (London time) on 2 October 2012.

The Issuer and the Joint Lead Managers may agree to amend the Offer Period, in which case such amendments will be published *via* a Regulatory Information Service.

Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Bonds and the settlement arrangement in respect thereof. Investors may not be allocated all of the Bonds for which they apply.

The Bonds will be issued at the issue price (being 100 per cent of the principal amount of the Bonds) and the aggregate principal amount of the Bonds to be issued will be specified in the Sizing Announcement published by the Issuer on a Regulatory Information Service.

The Issuer consents to the use of this Prospectus in connection with an offer of the Bonds only by the Joint Lead Managers and the Authorised Distributors and they are only entitled to use this Prospectus during the Offer Period and only in the Public Offer Jurisdictions.

(b) **Conditions to which the Offer is subject:**

The issue of the Bonds is subject to certain conditions precedent customary for transactions of this type (including the issue of the Bonds and the delivery of legal opinions and auditors comfort letters satisfactory to the Joint Lead Managers) to be set out in the Subscription Agreement. The Joint Lead Managers will also be entitled, in certain circumstances, to be released and discharged from its obligations to subscribe and pay for the Bonds under the Subscription Agreement prior to the issue of the Bonds.

(c) **Description of the application process:**

Investors intending to subscribe for any Bonds should apply through the Joint Lead Managers or the relevant Authorised Distributor in accordance with the procedures established by the Joint Lead Managers or such Authorised Distributor. The Joint Lead Managers or such Authorised Distributor may reject any subscription in their absolute discretion. The Bonds are freely transferable, subject to the selling and transfer restrictions described in this Prospectus.

No Bonds will be offered for sale after the closing date of the Offer, expected to be 12 noon (London time) on 2 October 2012.

The Issuer reserves the right (following agreement with the Joint Lead Managers) to end the Offer Period earlier, in which case the Issue Date and, in turn, the interest payment dates may change. Any such changes will be announced *via* a Regulatory Information Service.

Pursuant to anti-money laundering laws and regulations in force in the United Kingdom, the Joint Lead Managers and the Authorised Distributors or any of their authorised agents may require evidence in connection with any subscription for the Bonds, including further identification of the Investor, before any Bonds are allocated.

(d) **Details of the minimum and/or maximum amount of application:**

The minimum subscription per Investor is for a principal amount of £2,000 of the Bonds.

(e) **Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:**

There will be no refund as Investors will not be required to pay for any Bonds until any application for the Bonds has been accepted and the Bonds allotted.

(f) **Details of the method and time limits for paying up and delivering the Bonds:**

The Bonds will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by the Joint Lead Managers. Investors will be notified by the Joint Lead

Managers or the relevant Authorised Distributor of their allocations of Bonds (if any) and the settlement arrangements in respect thereof.

(g) ***Manner and date in which results of the offer are to be made public:***

The aggregate principal amount of the Bonds to be issued will be determined by the Issuer on the basis of market conditions then prevailing, including supply and demand for the Bonds and other similar securities.

Once determined, the aggregate principal amount of the Bonds to be issued will be specified in the Sizing Announcement; such announcement is currently expected to be made on or around 3 October 2012.

(h) ***Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised:***

Not applicable.

(i) ***Categories of potential Investors to which the Bonds are offered:***

Offers may be made by the Joint Lead Managers and the Authorised Distributors to the public in the Public Offer Jurisdictions during the Offer Period. There is no reserve amount of Bonds applicable to any jurisdiction.

(j) ***Process for notification to Investors of the amount allotted and indication whether dealing may begin before notification is made:***

Investors will be notified by the Joint Lead Managers or the relevant Authorised Distributor of their allocations of Bonds (if any) in accordance with the arrangements in place between the Joint Lead Managers or the relevant Authorised Distributor and the prospective Investor.

No steps have been taken to allow dealings in the Bonds prior to notification of the amount allotted.

(k) ***Amount of any expenses and taxes specifically charged to the subscriber or purchaser:***

No expenses or taxes upon issue will be allocated by the Issuer or any Joint Lead Manager to any Investor. Expenses may be charged by an Authorised Distributor; these are beyond the control of the Issuer and are not set by the Issuer. They may vary depending on the size of the amount subscribed for and the Investor's arrangements with the Authorised Distributor.

The Issuer estimates that, in connection with the sale of Bonds to an Investor, the expenses charged by the Authorised Distributors known to it at the date of this Prospectus will be up to 1.75 per cent of the aggregate principal amount of the Bonds sold to such Investor.

Any Investor intending to acquire any Bonds from a bank, financial intermediary or other entity (including an Authorised Distributor) other than the Joint Lead Managers in their capacity as such will do so in accordance with any terms and other arrangements in place between the seller or distributor and such Investor, including as to price, allocations and settlement arrangements. Neither the Issuer nor the Joint Lead Managers are party to such arrangements with Investors and accordingly Investors must obtain such information from the relevant seller or distributor. Neither the Issuer, nor the Joint Lead Managers have any responsibility to an Investor for such information.

(l) ***Name(s) and address(es) of the placers in the various countries where the Offer takes place:***

Barclays Stockbrokers Limited
1 Churchill Place
London E14 5HP

Brewin Dolphin Ltd
12 Smithfield Street
London EC1A 9BD

Killik & Co LLP
46 Grosvenor Street
London W1K 3HN

Redmayne-Bentley LLP
9 Bond Court
Leeds LS1 2JZ

Talos Securities Limited (trading as Selftrade)
Boatman's House
2 Selsdon Way
London E14 9LA

who, at the date of this Prospectus are specified authorised distributors who have each been appointed by the Issuer and the Joint Lead Managers to offer and distribute the Bonds to the public in the Public Offer Jurisdictions in accordance with all prevailing regulatory requirements during the Offer Period (together, the **Authorised Distributors**).

In addition to the Authorised Distributors, the Joint Lead Managers may appoint additional distributors as further Authorised Distributors to offer and distribute the Bonds to the public in the Public Offer Jurisdictions in accordance with all prevailing regulatory requirements during the Offer Period (the **Additional Distributors**). The Issuer has also granted a general consent to the use of this Prospectus in the United Kingdom during the Offer Period on the basis of the conditions described in the third and fourth paragraphs on page ii of this Prospectus.

None of the Issuer or the Joint Lead Managers has authorised, nor will they authorise, the making of any other offer of the Bonds in any other circumstances.

- (m) ***Entities which have a firm commitment to act as intermediaries in secondary market trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:***

The Joint Lead Managers will be appointed as registered market makers through the ORB in respect of the Bonds from the date of admission of the Bonds to trading.

GENERAL INFORMATION

Authorisation

1. The issue of the Bonds was duly authorised by a resolution of the Board of Directors of the Issuer dated 6 September 2012 and by a resolution of a committee of the Board of Directors of the Issuer passed on 18 September 2012.

Listing

2. It is expected that official listing will be granted on or about 10 October 2012 subject only to the issue of the Global Bond. Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the London Stock Exchange's Regulated Market and through the ORB. Admission of the Bonds to trading is expected to occur on or about 10 October 2012.
3. The amount of expenses related to the admission to trading of the Bonds will be specified in the Sizing Announcement.

No significant change

4. There has been no material adverse change in the prospects of the Issuer since 31 March 2012 and there has been no significant change in the financial or trading position of the Group since 31 March 2012.

Litigation

5. Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

6. The auditors of the Issuer and each of its subsidiaries are PricewaterhouseCoopers LLP, who has audited the Issuer's consolidated accounts, without qualification, in accordance with International Financial Reporting Standards for each of the two financial years ended on 31 March 2011 and 31 March 2012. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales. The auditors of the Issuer and each of its subsidiaries have no material interest in the Issuer or any of the Issuer's subsidiaries.

US tax

7. The Bonds 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 Available

8. For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:
 - (a) the articles of association of the Issuer;
 - (b) the audited annual consolidated financial statements of the Issuer for the financial years ended 31 March 2011 and 31 March 2012 respectively, in each case together with the audit reports in connection therewith. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;
 - (c) the valuation report prepared by the Valuer dated 9 May 2012; and
 - (d) the Trust Deed and the Agency Agreement.

Consent

9. Details of the valuation of the Group's properties by the Valuer has been included in this Prospectus, in the form and context in which it is included, with the consent of the Valuer who has authorised the contents set out in "*Description of the Issuer – Valuation*". The address of the Valuer is CBRE Limited, St Martin's Court, 10 Paternoster Row, London EC4M 7HP. The valuation has been prepared in accordance with "*Valuation – Professional Standards (2012)*" published by the Royal Institute of Chartered Surveyors. The Issuer affirms that no material changes have occurred since the date of valuation of the Group's properties as at 31 March 2012.

Yield

10. On the basis of the issue price of the Bonds of 100 per cent of their principal amount, the yield of the Bonds is expected to be 6.00 per cent on an annual basis. It is not an indication of future yield.

Clearing Systems

11. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In addition, the Bonds will be accepted for settlement in CREST *via* the CDI mechanism. Interests in Bonds may also be held through CREST through the issuance of CDIs representing the Underlying Bonds. The ISIN for this issue is XS0832324981 and the Common Code is 083232498.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB.

Joint Lead Managers transacting with the Issuer

12. Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

THE ISSUER

Workspace Group PLC
Chester House
Kennington Park
1-3 Brixton Road
London SW9 6DE

TRUSTEE

U.S. Bank Trustees Limited
Fifth Floor
125 Old Broad Street
London EC2N 1AR

PRINCIPAL PAYING AGENT

Elavon Financial Services Limited, UK Branch
Fifth Floor
125 Old Broad Street
London EC2N 1AR

JOINT LEAD MANAGERS

Investec Bank plc
2 Gresham Street
London EC2V 7QP

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

LEGAL ADVISERS

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

Linklaters LLP
One Silk Street
London EC2Y 8HQ

To the Issuer as to English law

Norton Rose LLP
3 More London Riverside
London SE1 2AQ

AUDITORS

To the Issuer

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

