

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a financial adviser who specialises in advising on the acquisition of shares and other securities.

This document comprises a prospectus for the purposes of Article 3 of the Directive 2003/71/EC and has been prepared in accordance with Article 5:2 of the Act on Financial Supervision (*Wet op het financieel toezicht*) (the “WFT”) and the rules promulgated thereunder. This prospectus has been approved and filed with the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) (“AFM”). The Company and the Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

A copy of this document has been delivered to the registrar of companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, as amended, and the registrar has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission (the “Commission”) has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, as amended, (the “1958 Order”) to the issue of shares in the Company. Consent under the Control of Borrowing (Jersey) Order 1958 has been obtained for the issue of this document. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law. Neither the registrar of companies in Jersey nor the Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. It should be remembered that the price of the Shares and the income from them can go down as well as up.

The Company has been authorised in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice. Regulatory requirements which may be deemed necessary for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced requirements accordingly. You are wholly responsible for ensuring that all aspects of this fund are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of this fund and the potential risks inherent in this fund you should not invest in this fund. Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Commission at www.jerseyfsc.org.

The Company has been granted a permit under the Collective Investment Funds (Jersey) Law 1988, as amended (the “CIF Law”) by the Commission. The Commission is protected by the CIF Law against liability arising from the discharge of its functions under the CIF Law. The Administrator and the Registrar are registered for the conduct of funds services business under the Financial Services (Jersey) Law 1998 in respect of the Company.

Application will be made for all of the Shares to be admitted to trading on Euronext Amsterdam N.V.’s Eurolist by Euronext (“Eurolist by Euronext”) (“Euronext Admission”). It is expected that Euronext Admission will become effective and that dealings in the Shares on Euronext Amsterdam will commence at 8.00 a.m. on or about 18 December 2007 under the symbol NEPR. The Shares will continue to be admitted to trading on the AIM market of the London Stock Exchange under the symbol NEPR. The Shares have the ISIN JE00B1G3KL02.

Application has been made for the Shares to be accepted for clearance through the book-entry facilities of *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* (“Euroclear Nederland”).

Prospective investors should read this entire document and, in particular, the section entitled “Risk Factors” beginning on page 6 for certain risks that should be considered in connection with an Investment in the Shares.

NORTHERN EUROPEAN PROPERTIES LIMITED

(incorporated in Jersey with limited liability under the Companies (Jersey) Law 1991 with registered no. 94890)

Introduction and admission to trading on Euronext Amsterdam

Financial Adviser

Citi

Listing Agent, Dutch Transfer Agent and Paying Agent

ING Bank N.V.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or under the securities laws of any state, district or other jurisdiction in the United States, or of Canada, Japan or Australia. This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful and is not for distribution in or into the United States, Canada, Australia or Japan.

The Shares are not transferable except in compliance with the restrictions described in Part IX of this document. In addition, prospective investors should take note that the Shares may not be acquired by investors using assets of any retirement plan or pension plan or similar arrangement that is subject to Title I of ERISA or Section 4975 of the Internal Revenue Code or similar laws. Prospective investors are also notified that the Company believes that it will be classified as a passive foreign investment company for United States federal income tax purposes. The Company provides, upon request, to U.S. holders of Shares the information that would be necessary in order for such persons to make qualified electing fund elections with respect to the Shares. For further information see the section entitled “Risk Factors” and Part VIII of this document.

Citi, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is advising the Company and no one else in relation to Euronext Admission and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Citi nor for providing any advice in relation to Euronext Admission, the contents of this document or any transaction or arrangement referred to herein.

This document comprises a prospectus for the purposes of Article 3 of the Directive 2003/71/EC and has been prepared in accordance with Article 5:2 of the WFT and the rules promulgated thereunder. This prospectus has been approved and filed with the AFM.

Prospective investors must not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Citi has been appointed as financial adviser by the Company in connection with its application for Euronext Admission. Apart from the responsibilities and liabilities, if any, which may be imposed on Citi under the AIM Rules, the WFT and the regulatory regimes established thereunder, Citi accepts no responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company or the Shares. Citi accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

The information contained in this document is accurate only as of the date of this document, regardless of the time of delivery of the document or of any sale of the Shares.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company and the Manager concerning, amongst other things, the investment objective and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, tax rate and dividend policy of the Company and the markets in which it, directly and through subsidiary companies, invests and issues securities. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, liquidity, tax rate, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity and dividend policy of the Company, and the development of its financing strategies, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions generally, particularly in the Nordic and Baltic Regions and in Russia, and in the commercial real estate markets in those countries specifically; changes in interest rates and currency fluctuations, as well as the success of any hedging strategies used by the Company in relation to such changes and fluctuations; impairments in the value of, or changes in the diversity of, the Company’s investments; legislative/regulatory changes; changes in taxation regimes; the Company’s continued ability to invest in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Manager and its ability to attract and retain suitably qualified personnel; and competition within the commercial real estate sector.

NO INCORPORATION OF WEBSITE

Neither the contents of the Company’s nor London & Regional Group’s website form part of this document.

PRESENTATION OF INFORMATION

In this document:

Unless otherwise indicated the financial information contained in this document has been prepared in accordance with International Financial Reporting Standards (“IFRS”), a body of accounting principles that may differ materially from U.S. GAAP.

All references to “Euro”, “Euros” or “€” are to the lawful single currency of member states of the European Communities that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union.

All references to “GBP” or “pounds sterling” are to the lawful currency of the United Kingdom.

All references to “SEK” or “kronor” are to the lawful currency of Sweden.

All references to “U.S.\$” are to the lawful currency of the United States.

All references to “RUB” or “roubles” are to the lawful currency of the Russian Federation.

The SEK to Euros exchange rate used throughout this document is SEK 9.2435 = €1.00, being the exchange rate as at 30 June 2007.

The Company has engaged the following independent appraisers:

- (a) DTZ to value the Nordic Portfolio in order to reflect the portfolio’s market value as at 30 June 2007.
- (b) Cushman to value the assets that comprise the Baltic Russian Portfolio in order to reflect the portfolio’s market value as at 8 October 2007.

The DTZ Valuation Report, which was issued on 17 December 2007, is set out in Part A of Part XI of this document. The Cushman Valuation Report, which was issued on 17 December 2007 and covers those assets within the Baltic Russian Portfolio that the Company has acquired as at the date of this document, is set out in Part B of Part XI of this document.

All times referred to in this document are, unless otherwise stated, references to Amsterdam time.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company is incorporated under Jersey law. Service of process upon Directors and officers of the Company, all of whom reside outside the United States, may be difficult to effect within the United States. Furthermore, since all or substantially all of the assets of the Company are outside the United States, any judgement obtained in the United States against the Company may not be enforceable in practice within the United States. There is doubt as to the enforceability outside the United States, in original actions or in actions for enforcement of judgements of U.S. courts, of civil liabilities predicated upon U.S. federal securities laws. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Jersey or the United Kingdom.

REFERENCES TO DEFINED TERMS AND INCORPORATION OF TERMS

Certain terms used in this document, including capitalised terms and certain technical and other terms are explained in the section entitled “Definitions and Glossary”.

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SUMMARY

The information below is only a summary of more detailed information included elsewhere in this document. The summary is not complete and any decision to invest in the Company should be based on a consideration of this prospectus as a whole. Investors should pay particular attention to the section of this document entitled "Risk Factors".

Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each member state of the European Economic Area, civil liability will attach to those persons responsible for this summary, including any translation thereof, but only if it is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to the information contained in this document is brought before a court in a member state of the European Economic Area, the plaintiff investor may, under the national legislation of that member state where the claim is brought, be required to bear the costs of translating this document before legal proceedings are initiated.

1. THE COMPANY

Northern European Properties Limited is a Jersey incorporated company, which was admitted to trading on AIM in November 2006 and has been authorised in Jersey as a listed fund. The Company invests in real estate opportunities in the Nordic and Baltic Regions and Russia. The Company offers investors access to an existing portfolio of assets and well-established local operations in these regions. The Company has an experienced board of six non-executive Directors, chaired by Jens Engwall and has appointed LR REAM to manage these assets and to pursue investment opportunities.

The Investment Opportunity

The Company offers investors access to a growing portfolio of income generating properties managed by a team of professionals with a proven track record of successful property investment and active asset management. Whilst the portfolio has been predominantly based in the Nordic Region, at the time of its IPO the Company outlined its intention to expand its investment portfolio into the Baltic Region and Baltic Russia (St Petersburg and environs). Consistent with this strategy, on 30 May 2007 the Company announced that it intended to acquire six properties in Baltic Russia for an estimated total consideration of €231 million. Whilst there remains a pipeline of further opportunities in Baltic Russia, other regions of Russia are becoming more attractive as an investment opportunity due to lower levels of competing investment. The Russian regional cities have been lagging behind those of St Petersburg and Moscow in terms of foreign investment and real estate prices. The Directors expect that these cities will be a very attractive investment opportunity for the Company, given their healthy investment climate, undersupply of quality properties and less competition for assets. As a result, on 30 May 2007, the Directors announced a broadening of the Company's geographic focus to target other major cities in Russia, in addition to St Petersburg and its environs, where there remain significant investment opportunities at attractive prices.

The Company's Portfolio

As of 30 June 2007, the Company's Nordic Portfolio consisted of 93 properties located in the Nordic Region, Germany, Poland and Lithuania, with approximately 1.9 million square metres of floor area and approximately 272 tenants, generating aggregate gross rental income (on an annualised basis) of approximately €140 million.

As noted above, on 30 May 2007, the Company announced that it agreed to acquire six properties in Baltic Russia for an estimated total consideration of €231 million. The portfolio consists of two office properties, a hotel, a retail DIY store and two shopping centres with a combined 104,000 square metres of lettable area in St Petersburg, Kaliningrad and Murmansk. In July and September 2007, the Company completed the acquisition of two of these properties, located in Kaliningrad and Murmansk. The acquisition of the remaining four properties is expected to be completed by early 2008.

In addition, on 27 November 2007, the Company announced that it had reached an agreement in principle to sell a portfolio of 14 of its Swedish properties to Kungsleden AB. The transaction completed on 13 December 2007. On 27 November 2007, the Company also announced that it has sold one other Swedish property in a separate transaction to Diös & Kuylenstierna AB. The sales proceeds, net of transaction costs, from both transactions amount to approximately €363 million.

Management of the Company's Portfolio

In November 2006, LR REAM (a subsidiary of London & Regional Group), was appointed as the Manager of the Group pursuant to the terms of the Management Agreement under which it was given responsibility, subject to the overall supervision of the Board, for the active management of the Group's property portfolio. LR REAM was specifically established by London & Regional Group for the purpose of providing strategic investment advisory and real estate management services to the Company.

The Board is responsible for the determination of the Company's investment objectives and strategy and has overall responsibility for the activities of the Group. Day-to-day responsibility for asset management is delegated to the Manager under the terms of the Management Agreement, although the Board is required to be fully briefed on all investment opportunities and formally to approve all investment decisions of €50 million and over. The Board also has the power to instruct the Manager not to proceed with any transaction within the Manager's delegated authority.

In consideration for its services, LR REAM receives an annual management fee of 0.4 per cent. based on the average Gross Asset Value of the properties within the Company's portfolio as assessed at the start and end of each accounting period, together with properly incurred direct external costs and disbursements and, subject to achieving certain specified levels of returns, is also entitled to the Performance Fee.

2. INVESTMENT OBJECTIVE AND STRATEGY

The Company's principal objective is to generate total returns for Shareholders, through annual portfolio yields and capital appreciation over the longer term. The Directors aim to achieve these returns through enhancing current yields on the Company's portfolio through active asset management, embedded rental growth in the future (mainly attributed to the fact that the majority of leases are linked to an annual consumer price index uplift) and prospective net asset value increases through investment acquisitions. Returns are expected to be paid out to Shareholders in the form of semi-annual dividends of approximately 90 per cent. of Adjusted FFO (when taken together with interest on the Convertible Loan Notes).

The Company's strategy is principally to continue the building of a stable, cash generative portfolio with opportunities for value uplift through active management within its target locations. Given the nature of the real estate opportunities in Russia, the Company may increase its exposure to development investments as part of its expansion into the region in the future. However, at no time would the Company's development assets represent more than 25 per cent. of the Company's Gross Asset Value. As at the date of this document, the Company does not have any investments in development projects. In light of current market conditions, in particular the availability of credit on attractive terms, the Board will be cautious in pursuing further acquisitions in the short term, beyond those already committed to in Russia.

The Company's strategies to achieve its investment objectives are as follows:

Enhance rental and capital growth through active portfolio management

The Company intends that property assets acquired by the Group are actively managed pursuant to the Management Agreement with the aim of enhancing rental and capital growth.

The Directors believe that the experience of the Board and the Manager in actively managing real estate assets and providing specialist tenant advice enables them to increase returns from the Company's portfolio and any subsequently acquired assets.

Make additional selective acquisitions

At the time of the Company's IPO in November 2006, the Manager had identified a pipeline of assets worth approximately €1.2 billion in the Nordic and Baltic Regions and Baltic Russia. Since the IPO the Company has acquired or agreed to acquire assets for an aggregate consideration of €367 million, including certain assets from the original pipeline. These purchases have all reflected Northern European's strategy to build a high yielding portfolio with secure, long lease term tenants.

Going forward the Manager will continue to pursue cash-generative acquisitions, principally in Russia, but also in the Nordic and Baltic Regions where they meet the Company's investment criteria.

The Group is not restricted to any one specific asset class or location within the defined area as long as the opportunity has the potential to create value for Shareholders.

Employ appropriate amounts of leverage to enhance returns

The Company employs leverage through debt financing to enhance returns on equity. Although the extent of such leverage varies on a property-by-property basis, the intention of the Directors is that the overall level of leverage for the Group is in the region of 70 per cent. Loan to Value, with higher leverage in the Nordic countries and lower leverage in Russia, as appropriate, taking into account total risk and dividend policy. Wherever possible, the Directors seek financing on a non-recourse, asset-by-asset basis although the borrowing policy is adapted to suit the prevailing market conditions at the time.

3. COMPETITIVE STRENGTHS

The Board believe that the Company has a number of key strengths that are important to the continued success of the business:

Quality of Portfolio

The Directors believe that the Nordic Portfolio represents a diverse high-quality mix of real estate assets in the Nordic Region. As at 30 June 2007, the average lease maturities were over ten years which has provided a level of stability within the current portfolio that has been beneficial as the Group has expanded into the Baltic Region and Baltic Russia. As a result of the long leases and the credit profile of the ten largest tenants, which accounted for approximately 81 per cent. of the gross rental income (as at 30 June 2007), the Directors expect that the current portfolio, which has a yield of 6.3 per cent. per annum (as at 30 June 2007) on an unleveraged basis, will generate stable and recurring net cash flows.

Experienced and active management team

The Board includes individuals with significant public company and real estate experience which allows them to evaluate opportunities presented by the Manager, with a view to creating additional shareholder value. The management team of LR REAM comprises 29 individuals located in Sweden, Finland, Russia and the UK. These individuals have detailed local knowledge of the Nordic Region, good understanding of the key drivers and culture within the Baltic Region and Russia and the specialist asset management skills, such as in hotel asset management, that should allow them to execute the Company's investment strategy. Such knowledge, together with the team's demonstrable track record of enhancing the value of investments through active asset management, allows them to execute significant real estate transactions and actively manage the Company's assets in such a way as to compete successfully in their target markets.

Ability to source new investment opportunities in Russia and other regions

Pursuant to the Management Agreement, LR REAM identifies and evaluates investment opportunities to recommend to the Board. The London & Regional Group has a number of development projects in Russia underway that may provide opportunities for the Company to expand its Russian portfolio of assets. In addition to potential acquisitions in Russia sourced directly from the London & Regional Group, the Manager has experienced individuals based in Russia and the Nordic and Baltic Regions to source and execute third party acquisitions on behalf of the Company.

Alignment of interests of Shareholders and London & Regional Group

As at 12 December 2007, LR Swedish Holdings No. 1 AB, a company owned by Richard Livingstone, the brother of Ian Livingstone, and Thomas Lindeborg was interested in 117,299,200 Shares representing 24.65 per cent. of the Company's issued share capital and 64,788,244 Convertible Loan Notes. Assuming full conversion of the Convertible Loan Notes, LR Swedish Holdings No. 1 AB will be interested in 182,087,444 Fully Diluted Shares in aggregate representing 33.68 per cent. of the Fully Diluted Share Capital. For further details of the Convertible Loan Notes see paragraph 3.6 of Part X of this document. By virtue of this shareholding and the Performance Fee payable to the Manager, the Directors believe that there should be a strong alignment of economic interests between London & Regional Group and the Shareholders.

4. TAX EFFICIENCY

The Directors believe that the Group's structure offers investors an opportunity to invest indirectly in the Nordic, Baltic and Russian real estate markets in a tax efficient manner. The Company does not expect that the acquisition of the Baltic Russian Portfolio will have a material impact on its effective cash tax rate.

In future acquisitions, the Directors will seek to minimise the income subject to local taxation through efficient acquisition structuring and will aim to keep the long-term effective cash tax rate of the Group below 10 per cent., although this may vary depending on the investment opportunities which are identified.

This document is not intended to provide specific tax advice in relation to an individual Shareholder's tax position. For further information on tax considerations see Part VIII of this document.

5. DIVIDENDS AND DIVIDEND POLICY

On 19 October 2007, the Company paid an interim dividend of €0.039 in respect of the period from incorporation ending 30 June 2007.

Going forward, the Company is targeting the payment of dividends (when taken together with interest on the Convertible Loan Notes) representing in aggregate approximately 90 per cent. of Adjusted FFO. The Company anticipates that these dividends, which are expected to be paid semi-annually, will be funded by cash generated from its operations. There can be no guarantee as to the amount of any dividend payable by the Company. Dividends are declared and paid in Euros but Shareholders may elect to receive dividends in pounds sterling at the prevailing exchange rate at the time of payment.

6. RISK FACTORS

Before deciding to invest in the Company, potential investors should carefully consider, together with the other information set out in this document and their own circumstances, the risk factors relating to an investment in the Company as set out in the section entitled "Risk Factors", which include, *inter alia*:

- the Group's ability to generate its targeted returns depends on its ability to make value-enhancing acquisitions and integrate those acquisitions into its business, lease its properties to suitable tenants on attractive terms and to dispose of properties on attractive terms;
- the Company's performance is dependent on the Manager, its retention of certain key individuals and its skill and judgement in identifying suitable investments and managing them on an ongoing basis;
- there can be no assurance that the Company will achieve its investment objective, its targeted returns or its dividend payment objectives;
- the Group operates in a competitive market for investment opportunities;
- the performance of many of the Company's investments depends to a significant extent upon the performance of the property management service providers;
- the Group may be subject to increases in operating and other expenses;
- the Group is subject to location and concentration risk in its investment portfolio;
- the Company's expansion in emerging markets, particularly Russia subjects it to additional uncertainties including in relation to political, financial, legal, fiscal and other issues;
- the Group may be subject to liability following the disposal of investments;
- the successful and timely development of properties by the Group will be subject to a number of risks;
- the Group will continue to borrow to fund its future growth and has a relatively high level of gearing;
- the value of any property portfolio may fluctuate as a result of factors outside the owner's control; and
- the market price of the Shares may fluctuate widely in response to different factors.

7. ADMISSION TO EURONEXT

In its AIM admission document published on 10 November 2006, the Board indicated that it would keep the Company's listing under review and would consider moving its listing from AIM to Euronext or the Official List of the UK Financial Services Authority as the Company grew. On 20 September 2007, the Company announced that it proposed to seek admission of the Shares to trading on Euronext Amsterdam and listing of the Shares on Euronext Amsterdam, in addition to the current AIM listing. The Directors consider that a listing on Euronext Amsterdam reflects the Company's investment focus in mainland Europe and Russia, its size and the denomination of both its reporting currency and share price in Euros. The Directors also believe that the new listing will assist in broadening the shareholder base of the Company and enhancing the liquidity of the Company's Shares. While the Shares are listed on both AIM and Euronext Amsterdam, they will be fungible between the two markets. The Directors intend to review the need for the Company to maintain its listing on AIM in early 2008 and will communicate any changes in due course thereafter.

RISK FACTORS

An investment in the Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. There can be no assurance that the Company's investment objectives will be achieved. Prospective investors should carefully review and evaluate the risks and the other information contained in this document, as well as their own personal circumstances and consult with their financial adviser before making a decision to invest in the Shares.

Prospective investors should be aware that the value of the Shares and the income from them may decrease and that they may not realise their initial investment. In addition, the market price of the Shares may be less than the underlying value of the Company's net assets.

The risks set out below are the risks which the Company currently considers to be material but are not the only risks relating to the Company or an investment in the Company. There may be additional risks that the Company does not currently consider to be material or of which the Company is not aware that may subsequently have a material impact on the Company. Should any of the following events or circumstances occur, the Company's business, financial condition and results of operations could be materially affected.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's ability to generate its targeted returns depends on its ability to make value-enhancing acquisitions and integrate those acquisitions into its business, lease its properties to suitable tenants on attractive terms and to dispose of properties on attractive terms

The Group's ability to implement its strategy and achieve its targeted returns depends on its ability not only to make value-enhancing acquisitions and successfully integrate such acquisitions into its business but also to lease its current properties to, and manage them for, suitable tenants on satisfactory terms and to dispose of them on terms that provide an appropriate return. Revenue earned from, and the value of, properties held by the Group may be adversely affected by a number of factors, including:

- (a) vacancies that lead to reduced occupancy rates which in turn would reduce the Group's revenue and its ability to recover certain operating costs, such as local taxes and service charges, and could result in it incurring additional expenses until the property is re-let, including legal and surveying fees and marketing costs;
- (b) the Group's ability to collect rent and service charge payments from tenants, on a timely basis or at all;
- (c) the terms, including the amount of rent, on which lease renewals and new leases are agreed being less favourable than current leases;
- (d) the amount of rents not being agreed at expected rental values;
- (e) a competitive rental market which may affect rental levels or occupancy levels at the Group's properties;
- (f) changes in laws and governmental regulations in relation to real estate, including those governing permitted and planning usage, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to particular properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws;
- (g) the Group's ability to obtain adequate maintenance or insurance services on commercial terms or at all; and
- (h) tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments, the inability to collect such payments at all or the termination of a tenant's lease, all of which could reduce rental income or hinder or delay the sale of a property.

The Company's performance is dependent on the Manager and its skill and judgement in identifying suitable investments and managing them on an ongoing basis

Except for the Finnish Employees and certain employees which are in the process of being transferred out of the Group, the Group currently has no other employees and is reliant on the Manager, which has significant discretion as to the implementation of the Group's investment objectives and strategy. In particular, the Group's performance is dependent on the success of the Manager in identifying suitable investments and implementing value-enhancing management strategies. Such strategies involve subjective judgements and forward-looking determinations by the Manager and no assurance can be given that the strategies used, or to be used, by the

Manager will be successful under all or any market conditions. In the event that the Manager misjudges an investment (for whatever reason), the actual returns on the investment may be less than anticipated at the time of acquisition.

The Company believes that its success depends to a significant extent upon the experience of the members of the Manager's team and the continued service of these individuals is not guaranteed. The departure of one or several members of the Manager's team may have an adverse effect on the performance of the Group.

Additionally, although certain key individuals are required, under the Management Agreement, to spend not less than 75 per cent. of their time and effort in the performance of the services under the Management Agreement, the fact that the Manager's team and its officers and employees may engage in other business activities for London & Regional Group may limit the time that the Manager's team spends managing the Group's investments.

There can be no assurance that the Company will achieve its investment objective or its targeted returns

It is difficult to evaluate the Company's future prospects and an investment in the Shares. There can be no guarantee that the Company's investment objectives or its targeted returns will be achieved. The results of the Company's operations depend on many factors, including but not limited to the availability of opportunities for the acquisition of assets, the level and volatility of interest rates, readily accessible funding alternatives, conditions in the financial markets, general economic conditions and the performance of the Manager. Additionally, the past performance of London & Regional Group should not be construed as an indication of the future performance of the Company. There can be no guarantee that the Company will have the same opportunities to invest in assets that generate similar returns to other companies or investments within London & Regional Group.

The Group operates in a competitive market for investment opportunities

The Group's ability to generate its targeted returns depends on its ability to identify and acquire suitable properties and to overcome potentially significant competition in doing so. The Group may be unable to identify and acquire suitable properties at satisfactory yields. In addition, the Group may face significant competition acquiring suitable properties from other investors, including competitors who may have greater resources. Competition in the property market may lead to prices for properties targeted by the Group being driven up. 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. If increasing competition for properties from public or private buyers causes the Group's volumes to slow or leads to a reduction in the number or quality of investment opportunities realised by the Group or leads to a reduction in yield expectations, it could have negative implications for the Company's earnings growth and dividend growth rates.

The performance of many of the Company's investments depends to a significant extent upon the performance of the property management service providers

The Group does not directly manage or control its portfolio of assets itself and relies instead on property management service providers (being the Manager and, to the extent permitted by the Management Agreement, other third party service providers) to perform the day-to-day management of its property portfolio. Relationships with the Group's tenants and the Company's return on its investments may be adversely affected if the performance of the Manager and these other service providers does not satisfy the Group's tenants.

The Company may be unable to meet its dividend payment objectives

All dividends or other distributions will be made at the discretion of the Directors. There is no guarantee that any expected dividends will be paid or dividend growth will be achieved. The payment of any dividends and the achievement of any future dividend increases will depend upon a number of factors, including the Group's operating results and financial condition, the successful management of the Group's existing properties, the yields on properties, interest costs, performance on contracts and profits on the sale of properties, legal and regulatory restrictions and such other factors as the Directors may deem relevant from time to time. In addition, the payment of dividends may be blocked by the Group's lenders, unless certain financial ratios are met. The Company's ability to pay dividends may be restricted as a matter of applicable law or regulation, including to the extent that proposed dividends are not covered by income in the relevant period from underlying investments.

The Group may be subject to increases in operating and other expenses

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

- (a) currency fluctuations;
- (b) increases in payroll expenses and energy costs;
- (c) increases in property taxes and other statutory charges;
- (d) changes in laws, regulations or government policies (including those relating to health and safety and environmental compliance) which increase the costs of compliance with such laws, regulations or policies;
- (e) increases in insurance premiums;
- (f) unforeseen increases in the costs of maintaining properties; and
- (g) unforeseen capital expenditure that may arise as a result of defects affecting the properties which need to be rectified, failure to perform by sub-contractors or increases in operating costs.

Such increases could have a material adverse effect on the Company's financial position and its ability to pay dividends.

The Group is subject to location and concentration risk in its investment portfolio

The Group's Nordic Portfolio consists principally of real estate assets in Sweden and Finland. The Baltic Russian Portfolio is entirely based in the Federation of Russia. Accordingly, the Company's performance may be significantly affected by events beyond its control affecting these regions, such as a general downturn in the economic environment, changes in regulatory requirements and applicable laws (including in relation to taxation and planning), the condition of the Swedish, Finnish or Russian financial markets and interest and inflation rate fluctuations. Such events could reduce the amount of payments the Group receives on its properties and/or on the capital value of the Group's properties and, consequently, could have an adverse impact on the Company's ability to pay dividends and on the Company's share price.

In addition, as at 30 June 2007 ten tenants accounted for approximately 81 per cent. of the gross rental income of the Company's existing portfolio. In particular, ABB Fastighet AB currently accounts for approximately 30 per cent. of the gross rental income of the existing portfolio, a large exposure to a single tenant. ABB Fastighet AB has exercised a downsizing option which took effect from 1 January 2007. Under the terms of a rental guarantee, the Manager is required to pay the Company a maximum annual sum of SEK 36,566,000 commencing on 1 January 2007 and ending on 31 December 2009. Further details and a summary of the terms of the rental guarantee are set out in paragraph 8.2 of Part X of this document.

If any of these major tenants encounters financial difficulties (either due to the general economy or to Company specific issues) or otherwise decides to exercise its rights under any break provisions or not to renew its existing leases, the Company could lose, or face a reduction in, a significant amount of rental income, which, in turn, could have a material adverse effect on the Group's financial position. The Company could also incur significant exposures to other large tenants as the result of future acquisitions.

The Group is also subject to the risk of a number of leases in respect of tenants at the same or nearby properties coming up for renewal at similar times. A significant number of vacancies in the same area could lead to difficulties in re-letting space or cause rent levels to decline.

The Group may suffer material losses in excess of insurance proceeds

The Group's properties could suffer physical damage caused by fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or are not insurable economically. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, including terrorism or acts of war, also might result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds may be inadequate to restore the Group's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Group could

lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

The Company's expansion in emerging markets subjects it to additional uncertainties

The Manager believes that the Baltic Region and Russia offer considerable potential for investment. The Group's ability to take further advantage of these opportunities will depend, in part, on the economic situation of the countries in the Baltic Region and Russia. There can be no guarantee that the markets in these countries will continue to develop as quickly as they have done recently or at all. Investors in companies operating in emerging markets such as the Baltic Region and Russia should be aware that those markets are subject to greater risks than more developed markets, including legal, economic and political risks. The Company's performance could therefore be significantly affected by events beyond its control such as a general downturn in the economy of the regions, changes in regulatory requirements and applicable laws (including in relation to taxation and planning), the condition of financial markets and interest and inflation rate fluctuations.

In particular, the Russian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Russia and Russian businesses could face severe liquidity constraints. Additionally, as Russia produces and exports large quantities of oil and gas, the Russian economy is especially vulnerable to the prices of oil and gas on the world market and a decline in the price of oil or gas could slow or disrupt the Russian economy and, therefore, the Group's business. Further risks relating to the Group's expansion into Russia are set out below.

The Group may be subject to liability following the disposal of investments

The Group has, and may in the future, 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 turn out to be inaccurate, and may also be required to provide indemnities to purchasers for future expenses, including environmental liabilities. The Group may become involved in disputes or litigation concerning such representations, warranties and indemnities and may be required to make payments to third parties as a result of such disputes or litigation. If the Group does not have cash available to conduct such litigation or make such payments it may be required to borrow funds. Any such payments and borrowings to finance those payments could have an adverse impact on the Group's ability to pay dividends. In addition, if the Group is unable to borrow funds to make such payments, it may be forced to sell investments to obtain funds. There can be no assurance that any such sales could be effected on satisfactory terms.

The successful and timely development of properties by the Group will be subject to a number of risks

Whilst much of the Company's investment in the short-term is done by way of cash-generative acquisitions of stable properties, as part of its investment policy it has the ability to increase its exposure to development projects, although at no time would development assets represent more than 25 per cent. of the Gross Asset Value. In future therefore the Company may instruct the Manager to source or undertake property development projects. New project development is subject to a number of risks including risks of construction delays or cost overruns due to unforeseen factors, risks that planning or other required consents or building permits are not obtained, are delayed or are subject to onerous conditions and risks that the properties do not achieve anticipated occupancy levels or sustain anticipated rent levels.

Zoning restrictions and local opposition can delay or preclude the Group's construction and development projects

If the Group wishes to develop a property on a particular site, the zoning of such site must permit the development of office, retail and/or residential activities of the type intended for development by the Group. In instances where the existing zoning is not suitable or in which the zoning has yet to be determined, the Group will be required to apply for the required zoning classifications. This procedure may be protracted, particularly where the bureaucracy is cumbersome and inefficient, and the Group cannot be certain that the process of obtaining proper zoning will be completed with sufficient speed to enable the office, retail and/or residential developments to be completed ahead of any competitor development, or at all. Opposition by local residents to zoning and/or building permit applications may also cause considerable delays. In addition, changes to applicable

zoning by the relevant authorities may jeopardise projects which have already commenced. Therefore, if the Group does not receive zoning approvals or if the procedures for the receipt of such zoning approvals are delayed, the Group's costs may increase, which could have an adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group is likely to depend on third party contractors to construct its developments

The Group is likely to depend on third party contractors for its future development activities. If the Group cannot enter into contracting arrangements on terms acceptable to it or at all, the Group will incur additional costs which will have an adverse effect on its business. The competition for the services of quality contractors may cause delays in construction, thus exposing the Group to a loss of competitive advantage. Contracting arrangements may be on less favourable terms than would otherwise be available, which may result in increased development and construction costs. By relying on contractors, the Group becomes subject to a number of risks relating to these entities, such as quality of performance, performance delays, construction defects and the financial stability of its contractors. A shortage of workers would have a detrimental effect on the Group and its contractors and, as a result, would affect the Group's ability to conclude the construction phase on time and within budget and therefore have a material and adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group may be held liable for design or construction defects of third party contractors

The Group is likely to rely on the quality and timely performance of development activities by third party contractors and claims may be asserted against the Group by local government and zoning authorities or by third parties for personal injury and design or construction defects. These claims may not be covered by the professional liability insurance of the contractors or of the architects and consultants, and may give rise to significant liabilities on the part of the Group.

The Group may be affected by shortages in raw materials and employees

The building industry may from time to time experience fluctuating prices and shortages in the supply of raw materials as well as shortages of labour. In the event that the Group wishes to develop any properties, it would bear the risk of changes in the global prices of concrete and iron, rather than paying a premium for its contractors to bear the risk through a fixed price contract for each of the developments. Furthermore, the inability to obtain sufficient amounts of raw materials and to retain efficient employees on terms acceptable to the Group could result in delays in the construction of the Group's developments and increase in the cost of such developments and, consequently may have a material adverse effect on the results of the Group's operations.

Unexpected events during construction and development could result in losses for the Group

If the Group wishes to develop a property, it will be subject to the risks usually associated with construction and development projects. Such projects are generally time-consuming, require significant financial investment, involve establishing and maintaining important business relationships with various parties (including without limitation, suppliers, subcontractors, utility service providers and, in the case of development projects in Russia, the Moscow Government and other government regulatory authorities, and potential tenants or purchasers), and are dependent on obtaining numerous governmental and administrative licences, permits and approvals from relevant federal, regional and local authorities. Any delays in obtaining, or an inability to obtain such licences, permits and/or approvals may have a material adverse effect on the Group. The Group may also incur additional costs where a development project exceeds the original estimates due to increased material, labour or other costs. This could mean that the completion of any such project may not be economic.

Furthermore, access to utilities, such as electricity, water, telecommunications and sewage services is dependent upon the continued and timely co-operation of third parties and any delay, interruption or inability to ensure the supply of these and other utilities may cause a delay in completing any or all of the Group's developments and any such delay may adversely affect the Group's business, prospects, financial condition and results of operations.

RISKS RELATING TO LONDON & REGIONAL GROUP AND LR REAM

The Manager's compensation structure may encourage the Manager to recommend high-risk investments

The Management Fee is calculated by reference to the average Gross Asset Value of the properties held by the Group. The existence of the Management Fee may create an incentive for the Manager to recommend riskier or more speculative investments than it would otherwise make in the absence of such fee. Accordingly, the Management Fee may encourage the Manager to be less selective about the assets in which it chooses to invest.

The Company is dependent upon the Manager's ability to attract and retain key individuals

The success of the investment programme of the Company is significantly dependent upon the expertise of the Manager and its ability to attract and retain suitable staff. There can be no guarantee that key individuals will remain with the Manager. The departure of Thomas Lindeborg, Nils Pers, Per Lindblad or Kari Paaanen from the Manager may have an adverse effect on the performance of the Company.

The Management Agreement is subject to a fixed initial term and a long notice period

The Manager's appointment pursuant to the Management Agreement is long term and has an initial fixed term of five years which commenced on 10 November 2006, continuing thereafter for a fixed period of a further three years unless terminated by the Group or the Manager on 12 months' notice. No member of the Group can terminate the Management Agreement before the end of that initial term, as it may be extended, unless it is entitled to terminate immediately on the grounds of the insolvency of, or unremedied material breach by, the Manager. Thus, even if the Company does not consider the Manager's performance satisfactory, it may not be able to terminate the Management Agreement.

The Company's ability to rely on protections provided by the Manager or the L&R Group may be limited

The Company's agreements with the Manager and the L&R Group contain provisions which protect the Company from certain liabilities, expenses or losses. For example, the Manager has entered into a rental shortfall guarantee in respect of the downsizing option exercised by ABB Fastighet AB and, pursuant to the Management Agreement, has agreed to deduct certain of the Group's expenses in relation to its employees from the Management Fee. Pursuant to the Purchase Agreements, the L&R Group agreed to indemnify the Company in respect of certain liabilities and potential liabilities connected with the acquisition of the Nordic Portfolio, subject to an overall cap of €75 million. In the event that the Company should call upon these protections, there can be no assurance that either the Manager or the L&R Group, as the case may be, would not disagree with or dispute the Company's claims. Furthermore, the effectiveness of these protections will depend upon the continued ability of the Manager or the L&R Group, as the case may be, to cover such liabilities, expenses or losses.

RISKS RELATING TO THE GROUP'S BORROWINGS

The availability of funding under the Original Facility is subject to conditions

The Original Facility contains numerous covenants and undertakings by the borrowers and other obligors under that agreement. Failure by one or more of the borrowers or other obligors to meet any of these covenants or undertakings could result in all outstanding amounts under the Original Facility becoming immediately due for payment and further advances under the Original Facility being stopped. The lenders could also exercise their security rights over the Group's investments. It is possible that a relatively minor breach by one or more borrower or other obligor could trigger such results in respect of the entire Original Facility. If the Original Facility were to be terminated, there would be no guarantee that the Group could obtain alternative financing, either on a timely basis or at all.

The Group is subject to interest rate risk and may not successfully hedge this risk

To the extent that the Group incurs floating rate indebtedness, changes in interest rates may increase its cost of borrowing, impacting its profitability and adversely affecting the Company's ability to pay dividends.

While the Group has in the past entered, and intends in the future to enter, into hedging transactions to protect against interest rate fluctuations, the Group may continue to bear a level of interest rate risk that could otherwise be hedged when the Manager believes, based on all relevant facts, that bearing such risks is advisable. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political conditions, and other factors beyond the Group's control. The

Manager's expectations as to movements in interest rates may prove incorrect. Interest rate increases could result in the Group's interest expense exceeding the income from its property portfolio, which may result in operating losses for the Group.

The Group is subject to foreign exchange risk through its borrowings and may not successfully hedge this risk

Although the Group's borrowings will be principally in Euros, a substantial portion of its revenues and operating expenses are expected to be in other currencies, principally Swedish kronor but also Russian Roubles and Danish kroner. Accordingly, fluctuations in the exchange rate between the Euro and these other currencies could have an impact on the Group's ability to service its debt. The Group has in the past used, and intends in the future to use, derivative transactions to reduce its exposure to currency fluctuations for purposes of its borrowings. These hedging transactions may not, however, be effective in eliminating all of the foreign exchange risks inherent in the Group's borrowings.

The Group may experience losses and will face other risks as a result of its hedging strategy

There can be no guarantee that suitable instruments for hedging will be available at times when the Group wishes to use them. Although the Group's hedging transactions may protect it from interest rate and currency exchange rate fluctuations, such transactions may also prevent the Group from benefiting from favourable interest or exchange rate fluctuations and thus lead to expenses or potential expenses the Group otherwise would not have incurred in the absence of such hedging arrangements. The Group's hedging instruments may decline in value and become liabilities. Due to changes in applicable rates, the Group had an estimated asset of €49.3 million in respect of its interest rate and exchange rate hedges as at 30 June 2007. Furthermore, any hedging transactions would expose the Group to the credit risk of its counterparties and their ability to satisfy the terms of such contracts.

The Group will continue to borrow to fund its future growth and has a relatively high level of gearing

The Group borrows to fund the acquisition of investments, generally through the use of bank credit facilities, and utilises leverage in order to enhance returns to Shareholders. The Company currently has a relatively high level of gearing in the region of 70 per cent. Loan to Value, although there can be no assurance that the Group will be able to maintain this level of gearing. The extent of the borrowings and the terms thereof will depend on the Group's ability to obtain debt funding and the lenders' estimate of the stability of the portfolio's cash flow. Any delay in obtaining or failure to obtain suitable or adequate financing from time to time may impair the Group's ability to invest in suitable properties and achieve its intended portfolio size within the projected time-frame or at all, which may impact negatively on the Company's investment performance and the return on the Shares. Any future borrowings may not be possible on terms as favourable as the Group's existing borrowings. A high level of gearing leads to significant risks in the event that the Group's financial performance deteriorates and the Group is unable to service its debts. In the extreme, a high level of gearing may lead to a complete loss of the value of Shareholders' investment in the Company.

Borrowings could adversely affect the Group's net asset value

The Group's borrowings are generally secured against some or all of the Group's assets. Whilst the use of borrowings should enhance returns on equity and thus the net asset value of the Group where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling.

The availability, structure and specific provisions of any financing arrangements could expose the Group to additional risk

The Group may be subject to potentially onerous financial covenants. In addition, a decline in the property market or tenant default may result in a breach of the loan to value and/or the debt service cover ratios specified in the Group's borrowing arrangements, thereby causing an event of default with the result that the lenders could enforce their security and take possession of the underlying properties. Any cross-default provisions could magnify the effect of an individual default and, if such a provision were exercised, this could result in a substantial loss for the Group. Adverse changes to the market values of the property portfolios of the Group could cause the amount of refinancing proceeds to be insufficient to fully repay its existing debt upon maturity and the Group may be unable to fund payment of such shortfall.

The Group will be required to re-finance its borrowings from time to time. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions, all of which are beyond the Group's control) may make it difficult for the Group to obtain such new finance on attractive terms or

even at all. If the Group's borrowings become more expensive, relative to the income it receives from its investments, then the Group's profits will be adversely affected. Adverse changes to the market values of the property portfolios of the Group could also cause the amount of refinancing proceeds to be insufficient to fully repay its existing debt upon maturity and the Group may be unable to fund payment of such shortfall. If the Group is not able to obtain new finance at all then it may suffer a substantial loss as a result of having to dispose of the investments which cannot be re-financed.

The Group may require further capital funding in the future that may dilute the Shareholders' equity. Alternatively, if the Group cannot access further capital funding when required, this would negatively impact the Group's operating activities

There are no provisions in Jersey law which confer pre-emption rights upon existing shareholders and any additional equity financing may be dilutive to Shareholders. In addition, there can be no assurance that the Group will be able to raise additional funds when needed or that such funds will be available on terms favourable to the Group. If the Group is unable to obtain additional financing as needed, the Group may be required to alter its strategic plans and reduce the scope of any expansion.

RISKS RELATING TO INVESTING IN REAL ESTATE

Real estate investments are relatively illiquid

Properties such as those in which the Group intends to invest are relatively illiquid. Such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions or when they fall vacant. This could have an adverse effect on the Group's financial condition and results of operations, with a consequential adverse effect on the market value of the Company's Shares or on the Company's ability to make expected distributions to its shareholders.

The value of any property portfolio may fluctuate as a result of factors outside the owner's control

Property investments are subject to varying degrees of risks. Rents and values are affected (among other things) by changing demand for commercial real estate, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of any property portfolio may also fluctuate as a result of other factors outside the owner's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation, planning and environmental laws), political conditions, the condition of financial markets, the financial condition of lessees, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. The Group's operating performance would be likely to be adversely affected by a downturn in the property market in terms of capital and/or rental values.

Property valuation is inherently subjective and uncertain

The valuation of property and property-related assets is inherently subjective. As a result, valuations are subject to uncertainty. Moreover, all property valuations, including the Valuation Reports, are made on the basis of assumptions which may not prove to be true. In particular, neither DTZ nor Cushman has carried out any structural surveys or any investigations in relation to the presence or potential presence of contamination or the use of potentially harmful materials at the properties. For the purposes of the Valuation Reports, DTZ and Cushman have assumed structural and design soundness and that no contamination, or the use of potentially harmful materials in any adverse condition, exists. On the basis of the current and former industrial use of the majority of the Group's properties, on-site pollution or contamination may exist which could adversely affect the properties' valuations.

There is no assurance that the valuations of the properties and property-related assets will reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

The Group may incur environmental or health and safety ("EHS") liabilities

The Group is regulated by and required to comply with numerous EHS laws and regulations applicable to its properties, including, among other things, with respect to the safe handling, storage and disposal of hazardous substances (including waste, asbestos and oils). In addition, other EHS laws and regulations can limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered

species. Development or redevelopment of a property could also reveal environmental contamination that requires remediation. The Group could be responsible for the costs of this remediation even if the contamination pre-dates the Group's ownership of the property.

The Group has incurred and will continue to incur expenses in order to comply with EHS laws and regulations in the jurisdictions where its properties are located. There can be no assurance that compliance with existing or future EHS laws and regulations will not require further material expenditure by the Group or otherwise have an adverse effect on the Group's financial condition or operations. Actual or alleged non-compliance with and/or liability arising under EHS laws and regulations could result in regulatory action, third party claims and/or material expenditure by the Group or otherwise have an adverse effect on the Group's financial condition or operations. Furthermore, protection given by some sellers of properties or companies to the Group will expire and leave the Group potentially exposed to EHS liabilities.

Various EHS laws and regulations in the jurisdictions in which the Group's properties are located may impose liability on the Group for the costs of removal, investigation or remediation of hazardous or toxic substances located on or in a property owned or leased by it. The costs of any required removal, investigation or remediation of such substances could have an adverse effect on the financial condition or operations of the Group. If remediation works are required at a property, the Group may not be entitled to rental income whilst the tenant's business/occupation is interrupted as a result of those works. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the value of the relevant properties and the Group's ability to sell or lease the property or to borrow using the property as security. The Group's properties comprise sites of varying ages and types of construction. A number of the Group's properties contain asbestos or asbestos containing materials. The Group may incur additional expenses to remove these materials as part of any redevelopment of such properties. A substantial proportion of these properties (and adjoining properties) are and/or have been historically the subject of industrial use and, as a result, on-site soil, groundwater or surface water contamination or pollution may exist at these properties for which it is possible that the Group could be held liable. Such liability could result in material expenditure by the Group or otherwise have an adverse effect on the Group's financial condition or operations.

RISKS RELATING TO INVESTING IN REAL ESTATE IN RUSSIA

It is often difficult to ascertain with certainty the validity and enforceability of title to land in Russia

Russia is a federation of 88 sub-federal political units, consisting of republics, territories, regions, cities of federal importance and autonomous regions and districts. The delineation of authority and jurisdiction among the members of the Russian Federation and the federal government is, in many instances, unclear and remains contested. Lack of consensus between the federal government and local or regional authorities often results in the enactment of complicated, unsystematic and conflicting legislation at various levels, without sufficient constitutional or other legal basis. In particular, complicated, ambiguous and conflicting laws have been enacted in the areas of privatisation, land legislation and licensing, as a result of which it is not always clear which state bodies are authorised to enter into land leases with respect to particular land plots. In some instances, for example, regional authorities have purported to dispose of state-owned land that has later been found to be within the jurisdiction of the federal government. It is, therefore, very difficult to determine whether, during privatisation, title to a certain piece of land was effectively transferred from the state to a private party and, although the Group has not participated in land privatisation, some of the land plots used by the Group may have been originally transferred from state ownership.

The Group's ownership interests or lease rights in land could be challenged by government authorities or third parties

Some of the land laws and governmental and administrative decisions implementing them, as well as certain transactions consummated pursuant to them, have in the past been challenged in the Russian courts, and such challenges may occur in the future. Any challenge that evidences defects in a previous transaction may lead to such transaction being deemed void, affecting the title or lease rights to the real estate in question. The lack of consensus and the potential challenge by government authorities or third parties of the Group's ownership of, or lease rights to, land and buildings, hinders the Group's long-term planning efforts and creates uncertainties in its operating environment, both of which may prevent the Group from effectively and efficiently implementing its business strategy.

Russia has, since the early 1990s, undertaken a substantial programme of privatisation. An anti-privatisation lobby, however, still exists in the Russian parliament and some government entities have tried to invalidate earlier privatisations. Any future re-nationalisation or expropriation of assets, therefore, cannot be ruled out and could have a material adverse effect on the Group's operations in Russia.

During Russia's transformation from a centralised economy to a market economy, legislation has been enacted to protect private property against expropriation and nationalisation. The Law on Investment Activity in the Russian Federation provides that in the event that property (including real estate) is nationalised or requisitioned by the State, the owner is entitled to full reimbursement for all incurred losses, including loss of profit. Nevertheless, it is not clear how such losses are calculated nor whether there is any way to seek to challenge the nationalisation or expropriation of real estate. Indeed, due to the lack of experience in enforcing these provisions and as a result of future political or legal changes, these protections may not be enforceable. There cannot be any guarantee, therefore, that the Group would be adequately compensated in the event that any of its assets are nationalised or expropriated.

The Group's properties may be subject to compulsory purchase orders by the state for its own needs

Russian law provides that land or buildings may be expropriated for "state or municipal needs". Current court practice is to construe "state or municipal needs" narrowly, restricting expropriation to where there is an obvious need, thus limiting attempts by certain public authorities to apply the rule widely. However, there is no guarantee the Group's properties will not be subject to one or more compulsory purchase orders which are subsequently upheld by a court. This would require the Group to dispose of the property or properties in question. The owner of expropriated real estate is entitled to one year's advance notice together with payment of full market value (or provision of a substitute land plot of comparable value) and compensation for any other losses suffered. Disputes could arise between the Group and condemning authorities over the "full market value" and the exact extent of "other losses," which could delay payment of these amounts to the Group and, if resolved in favour of the condemning authorities, may result in the Group receiving less than it would have had it disposed of the property on the open market.

The lack of publicly available data on the real estate market in Russia means that it is difficult to value the Group's real estate properties

There is a limited amount of publicly available data and research relating to the real estate market in Russia. Recently, a number of organisations have begun to publish statistical and other research data with respect to the Russian real estate markets, however, such data is generally narrower in scope and less consistent than data relating to real estate markets in other industrialised countries. This lack of data means that it is difficult to assess market values and rental values of real estate in Russia. Although the Company will always obtain an independent valuation of any property it proposes to purchase, there can be no assurance that the values ascribed to properties reflect their actual market values.

Information in the Land Register or the Register of Rights may not be accurate

The State Land Register, administered by the Federal Agency, discloses certain key information in respect of land such as its location, designated use, ownership title and cadastre value. The general information from the Land Register is publicly available and may be obtained by any interested person. The unified State Register of Rights also contains key information in respect of land and buildings. The quality and reliability of the official information in both registers is generally not equivalent to that of more developed Western countries and the state does not guarantee the accuracy and completeness of the information contained in these registers. As part of the acquisition of assets in Russia, the Group may be forced to rely on the information contained in these registers, although it is unlikely to have effective redress against the state if the information on which it relied was inaccurate, misleading or incomplete. The information in these registers may be challenged in the courts by any interested party.

The Group's properties may be subject to encumbrances that may not be registered

Under Russian law, certain encumbrances over real estate do not need to be registered in the State Land Register or State Register of Rights in order to validly encumber the property. Furthermore, where an encumbrance is capable of being registered, there are no time limits within which such encumbrance has to be registered. There is a risk, therefore, that a third party may, at any time, successfully register or claim the existence of an encumbrance, of which the Group had no prior knowledge, over real estate owned or leased by the Group.

Servitudes and easements are new to Russian law

In Russia, the concept of an easement or servitude such as right of way or access is relatively new and undeveloped and the rights relating to a property over another person's land (for example for drainage, access, rights of light, cabling and structural support) are generally ill-defined. The Group may be uncertain as to its rights over adjoining land, and similarly, third parties may have ill-defined rights over the Group's Russian properties.

Rents payable by the Group in respect of land leases may not be within its control

The Group may, in the future, enter into lease agreements with the Moscow Government in respect of properties being, or to be, developed by it. Once the initial annual rent is set, the Moscow Government can, without the consent of the Group, change the amount of the rent if legislation establishing the rates of lease rental for the use of State-owned land is changed. Any such changes may increase the rent payable by tenants of the Moscow Government. Rents are established from time to time by the Mayor of Moscow pursuant to Article 5 of the Law on Payable Use of Land and the right of the Moscow Government to increase rents is commonly provided for in the terms of the relevant lease. Significant increases in the rents payable by the Group could adversely affect the Group's business, prospects, financial condition and results of operations.

Properties acquired on leasehold land may be subject to purchase by third parties following termination or expiration of the lease

The Group may acquire properties in Russia where it only has a leasehold interest in the land but owns the building on it. The lease is likely to be capable of being terminated early in various circumstances, for example in the event of breach of the relevant lease provisions, but there may be other circumstances not provided for in the relevant lease. In addition, the lease may not contain renewal rights. In the event of termination of land lease (whether during the term, generally for breach, or at the expiry of the term) under the Russian Civil Code, there is a risk that the landowner will acquire the right to buy the building in question on that land from the Group, for a price determined by a court. Due to a lack of court practice and precedent as to how these provisions operate, the Group's position, and the ongoing status of its interest in the properties, is unclear in the event of the termination of any lease.

Industrial accidents or environmental hazards in Russia could affect the Group's business

There are a number of nuclear and other dangerous installations on Russian territory, where safety systems to contain ecological risks may not be sufficiently effective. The occurrence of accidents in these installations, as well as the general unfavourable ecological situation in Russia, may have a material adverse effect on the Group's business.

The Group's properties in Russia may not comply with all necessary regulations

Buildings constructed in Russia often fail to comply with various public or administrative laws. For example, properties may not comply with the building code regulations, the detailed requirements of the construction permits or with local authority zoning requirements. It can often be difficult or, in some cases, impossible, to verify compliance with all of the necessary regulations due to the lack of information available from the relevant authorities. There can be no guarantee that properties comprising the Baltic Russian Portfolio or subsequent properties acquired in Russia will comply with all of the necessary building regulations.

RISKS RELATING TO INVESTING IN RUSSIA

Potential investors should note that there are significant risks inherent in investing in Russia. The value of Russian companies and assets may be affected by various uncertainties such as economic, political or diplomatic developments, social and religious instability, taxation and interest rates, currency repatriation restrictions, crime and corruption and developments in the law or regulations in Russia and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level, or permissibility, of foreign ownership.

Economic instability in Russia could adversely affect the Group's business

Since the collapse of the Soviet Union, the Russian economy has, at various times, experienced significant declines in gross domestic product, hyperinflation, an unstable currency, high government debt relative to gross domestic product, a weak banking system providing limited liquidity to domestic enterprises, high levels of loss-making enterprises that continue to operate due to the lack of effective bankruptcy proceedings, significant use of

barter transactions and illiquid promissory notes to settle commercial transactions, widespread tax evasion, growth of a black and grey market economy, pervasive capital flight, high levels of corruption and the penetration of organised crime into the economy, significant increases in unemployment and underemployment and the impoverishment of a large portion of the population.

Recently, the Russian economy has experienced positive trends, such as an increase in the gross domestic product, a relatively stable national currency, strong domestic demand, rising real wages and a reduced rate of inflation, however, there can be no guarantee that these trends will continue. Any deterioration in the Russian economy or an abrupt reversal of any of these positive trends could have a material adverse effect on the Group's business.

Political and governmental instability could have a material adverse effect on the Russian economy and the Group's business

Since 1991, Russia has sought to transform itself from a one-party state with a centrally-planned economy to a democracy with a market economy. As a result of the sweeping nature of the reforms, and the failure of some of them, the Russian political system remains vulnerable to popular dissatisfaction, including dissatisfaction with the results of privatisations in the 1990s, as well as to demands for autonomy from particular regional and ethnic groups. Moreover, the composition of the Russian government, the prime minister and the other heads of federal ministries has, at times, been highly unstable. In late 2007, Russia held elections in the lower house of the legislature, the State Duma, and in 2008 a new President will be elected. Political changes as a result of these elections or any future changes in government, major policy shifts or lack of consensus between various branches of the government and powerful economic groups could disrupt or reverse economic and regulatory reforms and have a material adverse effect on the Group's business. Any deterioration of the Group's existing relationships with governmental authorities could also have a negative effect on the Group's performance.

Crime and corruption could disrupt the Group's ability to conduct its business

High crime levels, including extortion and fraud, are still prevalent in Russia. Many businesses, particularly in large cities, are subject to the influences of criminal elements and parts of the Russian economic system continue to suffer from corruption. The Group may have to cease or alter certain activities or liquidate certain investments as a result of criminal threats or activities. Legal rights may be difficult to enforce in the face of organised crime or corruption and prospective counterparties to the Group may seek to structure transactions in an irregular fashion to evade fiscal or legal requirements. They may also deliberately conceal information from the Group and its advisers or provide inaccurate or misleading information.

In addition, the local press and international press have reported high levels of official corruption in the locations where the Group intends to expand its business, including the bribing of officials for the purpose of initiating investigations by government agencies. Press reports have also described instances in which government officials have engaged in selective investigations and prosecutions to further the commercial interests of the government officials or certain individuals. Additionally, published reports indicate that a significant number of Russian media regularly publish slanted articles in return for payment.

Organised or other crime, demands of corrupt officials or claims that the Group is involved in official corruption may in the future bring negative publicity, could disrupt the Group's ability to expand its business effectively and could, therefore, have a material adverse effect on its financial condition and results of operations.

The Russian banking system remains underdeveloped, and another banking crisis could place severe liquidity constraints on the Group's business

Russia's banking and other financial systems are less developed and regulated compared with other countries, and Russian legislation relating to banks and bank accounts is subject to varying interpretations and inconsistent applications. Although the Central Bank of Russia has the mandate and authority to suspend banking licenses of insolvent banks, many insolvent banks still operate. Most Russian banks also do not meet international banking standards, and the transparency of the Russian banking sector still lags far behind internationally accepted norms. Aided by inadequate supervision by the regulators, many banks do not follow existing Central Bank of Russia regulations with respect to lending criteria, credit quality, loan loss reserves or diversification of exposure.

In recent years, there has been a significant increase in lending by Russian banks, which many believe has been accompanied by a deterioration in the credit quality of the borrowers. In addition, a robust domestic corporate debt market is leading to Russian banks increasingly holding large amounts of Russian corporate rouble bonds in their portfolios, which is further deteriorating the risk profile of Russian bank assets. The serious deficiencies in the Russian banking sector, combined with the deterioration in the credit portfolios of Russian banks, may result in the banking sector being more susceptible to market downturns or economic slowdowns, including due to Russian corporate defaults that may occur during any such market downturn or economic slowdown. In addition, the Central Bank of Russia has recently revoked the licenses of certain Russian banks, which resulted in market rumours about additional bank closures and many depositors withdrawing their savings. If a banking crisis were to occur, Russian companies would be subject to severe liquidity constraints due to the limited supply of domestic savings and the withdrawal of foreign funding sources that would occur during such a crisis.

There is currently a limited number of creditworthy Russian banks, most of which are located in Moscow and very few safe rouble-denominated instruments in which the Group may invest its excess rouble cash. Another banking crisis or the bankruptcy or insolvency of the banks from which the Group receives or with which it holds its funds could result in the loss of the Group's deposits or affect its ability to complete banking transactions in Russia, which could have a material adverse effect on its business, financial conditions and results of operations.

The insurance industry in Russia is at an early stage of development which could negatively impact on the adequacy of the Group's insurance in Russia

The insurance industry in Russia is at an early stage of development and, accordingly, the insurance cover available to the Group in respect of any Russian assets is relatively limited. Many forms of insurance common in more developed countries are not yet available in Russia and, therefore, there is no guarantee that the Group's properties in Russia will be adequately insured.

Continuing conflicts could create an uncertain operating environment and could affect the value of investments in Russia

Ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases, such as the continuing military conflict in Chechnya, have brought normal economic activity in the area to a halt and disrupted the economies of neighbouring regions. Various armed groups in Chechnya have regularly engaged in guerrilla attacks in that area and other parts of Russia have also experienced violence related to the Chechen conflict. Several attacks have been carried out by Chechen terrorists throughout Russia, including in Moscow. The further intensification of violence, including terrorist attacks and suicide bombings, or its spread to other parts of Russia, could have significant political consequences, including the imposition of a state of emergency in some or all of Russia. Moreover, any terrorist attacks and the resulting heightened security measures are likely to cause disruptions to domestic commerce and could have a material adverse effect on the Group's business and the value of the Group's portfolio.

Social instability could have a material adverse effect on the Group's operations

The failure of the government and many private enterprises to pay full salaries on a regular basis and the failure of salaries and benefits generally to keep pace with the rapidly increasing cost of living have led in the past, and could lead in the future, to labour and social unrest. Such labour and social unrest may have political, social and economic consequences, such as increased support for a renewal of centralised authority, increased nationalism, with restrictions on foreign involvement in the Russian economy, and increased violence. An occurrence of any of the foregoing events could restrict the Group's operations and lead to the loss of revenue, materially adversely affecting its operations.

The physical infrastructure in Russia is in very poor condition, which could disrupt normal business activity

The physical infrastructure in Russia largely dates back to Soviet times and has not been adequately funded and maintained since the dissolution of the Soviet Union. Particularly affected are the rail and road networks, power generation and transmission, communication systems and building stock. The Russian government is actively pursuing plans to reorganise the nation's rail, electricity and telephone systems and such reorganisation may result in increased charges and tariffs and may or may not generate the anticipated capital investment needed to repair, maintain and improve these systems. The deterioration of physical infrastructure in Russia harms the national economy, disrupts access to communications, adds costs to doing business in Russia and can interrupt business operations and this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The effect of legislation and the enforceability of court judgments can be difficult to predict and create an uncertain environment for investment and business activity

The volume of new legislation which has appeared, as well as the magnitude of the changes taking place, has resulted in a lack of confidence in the Russian courts to give clear and consistent judgments. The independence of the judicial system and its immunity from economic, political and nationalistic influences in Russia remain largely untested. The court system is understaffed and under funded, and judges and courts are generally inexperienced in the area of business and corporate law. Judicial precedents have no binding effect on subsequent decisions as Russia is a civil law jurisdiction. In addition, most court decisions are not readily available or accessible to the public, and databases of judicial decisions and administrative orders are frequently out of date and in some areas of law may not exist. Enforcement of court judgments can in practice be very difficult in Russia. All of these factors make judicial decisions in Russia difficult to predict and effective redress uncertain. Additionally, court claims may be used in furtherance of political or private objectives and court judgments are not always enforced or followed by law enforcement agencies. Disputes concerning real estate are within the exclusive competence of the courts of Russia which means that such disputes may not be referred to arbitration outside Russia, exposing the Group to the risk of litigation disputes in Russian courts.

Russian courts may force a Russian legal entity into liquidation on the basis of non-compliance with certain requirements of Russian law

Certain provisions of Russian law may allow a court to order liquidation of a Russian legal entity on the basis of its formal non-compliance with certain requirements during formation of such entity or during its operation. Although, like many other Russian companies, Russian companies in which the Group will have an interest following acquisition of the Baltic Russian Portfolio may have failed from time to time to comply fully with all applicable legal requirements, so far as the Group is aware, none of any such possible violations are significant, has caused any damage to any third party or has had other negative consequences. Accordingly, the Group believes that no Russian company in which it will have a direct or indirect ownership interest is likely to be liquidated on such grounds. Weaknesses in the Russian legal system, however, create an uncertain legal environment, which make the decisions of a Russian court or a governmental authority difficult, if not impossible, to predict and which may have a material and adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group's operations may be subject to the arbitrary discretion of government authorities in Russia

Government authorities have a high degree of discretion in Russia and at times exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Moreover, the government also has the power under certain circumstances, by regulation or a government act, to interfere with the performance of, nullify or terminate contracts. Unlawful or arbitrary governmental actions have included withdrawal of licences, sudden and unexpected tax audits, criminal prosecutions and civil actions.

The Group may suffer as a result of foreign investment restrictions in relation to Russia

The laws and regulations affecting foreign investment in Russian enterprises continue to evolve in an unpredictable manner. Laws and regulations, particularly involving taxation, foreign investment and trade, title to land and securities, and transfer of title that are applicable to the Group's activities can change quickly and unpredictably (sometimes with retroactive effect) in a manner far more sudden and unpredictable than in developed market economies. Although basic commercial laws are in place, they are often unclear or contradictory and subject to varying interpretations and may at any time be amended, modified, repealed or replaced in a manner that could have a material adverse effect on the interests of the Group.

RISKS RELATING TO THE GROUP'S STRUCTURE

Currency fluctuations could have an impact on the Group's results and ability to pay dividends

The Group is subject to the risks of currency fluctuation. The Group's financial statements are prepared using its reporting currency, the Euro, although a substantial portion of its business is expected to be conducted in currencies other than the Euro, principally Swedish kronor and the Russian rouble. The Euro amounts of the Group's non-Euro revenue and expense items recorded in its income statement will depend on the exchange rates used in converting such amounts, generally the average quarterly rate. The Group will also be required to record unrealised foreign currency gains and losses from period to period in connection with translating the value of its non-Euro assets and liabilities into Euro using the exchange rate in effect as at the balance sheet date.

Accordingly, the Group's results will be subject to exchange rate fluctuations which could lead to losses that cause a decrease in its financial results in any year and impair its ability to pay dividends.

Limitations on the conversion of roubles to hard currency in Russia could increase the Group's costs when making payments in hard currency

Russian legislation currently permits the conversion of rouble revenues into foreign currency, however, the market in Russia for the conversion of roubles into foreign currencies is limited. The scarcity of foreign currencies tends to inflate their values relative to the rouble and, therefore, could increase the Group's costs when making payments in hard currencies.

Additionally, any delay or other difficulty in converting roubles into a foreign currency to make a payment or delay or restriction in the transfer of foreign currency could limit the Group's ability to meet its payment and debt obligations, which could result in the acceleration of debt obligations and cross-defaults and, consequently, have a material adverse effect on the Group's business, financial condition and results of operations.

Devaluation of the rouble against the Euro could increase the Group's costs and reduce its revenues

Until recently, the rouble has fluctuated dramatically against the Euro, falling in value in the great majority of instances. A significant portion of the Group's costs, expenditures and liabilities, including capital expenditures and borrowings, are either denominated in, or closely linked to, the Euro, while substantially all of the Group's revenues from the Baltic Russian Portfolio will be denominated in roubles. As a result, the devaluation of the rouble against the Euro may adversely affect the Group by decreasing its income in Euro terms.

Changes in tax laws or their interpretation could affect the Company's financial condition or prospects and the level of dividends that the Company is able to pay

Relief from taxation available to the Company may not be in accordance with the assumptions made by the Company and/or may change. Changes to the tax laws or practice in Jersey, the Netherlands, Sweden, Finland, Denmark, Lithuania, Estonia, Latvia, Russia or any other tax jurisdiction affecting the Company, could adversely affect the Company. Such changes could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders. The level of dividends the Company is able to pay may also be adversely affected. Any taxation relief referred to in this document as being available or potentially available to Shareholders is that currently available, or potentially available, and its value depends on the individual circumstances of Shareholders.

Changes in the Russian tax system could have a material adverse effect on the Group's financial condition and results of operations

Russian tax law and practice is not as clearly established as that of other European countries and the practice of the Russian tax authorities may not always be in accordance with the law. The Russian tax authorities do not always apply the law evenly to all taxpayers, sometimes motivated by political reasons. It is possible that the current interpretation of the law or understanding of practice may change or, indeed, that the law may be changed with retrospective effect, although legislation with retrospective effects that cause a deterioration in taxpayers' positions is generally prohibited.

Russian tax laws, such as the Russian Tax Code, have been in force for a short period relative to tax laws in more developed market economies and therefore the government's implementation of these tax laws is often unclear or inconsistent. Often, differing legal interpretations exist between companies that are taxed and government organisations, such as the Ministry of Finance and the Federal Tax Service and its various inspectorates, creating uncertainties and areas of conflict. Generally, tax declarations remain open and subject to inspection by tax and/or customs authorities for a period of three years following the tax year in question. There is some discussion over a change to the limitation period but how this will be resolved is currently unclear. Further, the tax authorities have in the past sought, and may again in the future, seek, ways to look back beyond the three year period. The fact that a year has been reviewed by tax authorities does not close that year, nor any tax declaration applicable to that year, from further review during the three-year period. These facts create tax risks in Russia substantially more significant than typically found in countries with more developed tax systems.

The taxation system in Russia is subject to frequent change and inconsistent enforcement at the federal, regional and local levels. Until the recent adoption of the new Russian Tax Code, the system of tax collection was relatively ineffective, resulting in the continual imposition of new taxes in an attempt to raise government

revenues. There can be no guarantee that the Russian Tax Code will not be changed in the future in a way that reverses recent positive changes. Among other things, the potential for government deficits raises the risk of a sudden imposition of additional taxes on the Company or the entities in which it invests.

Accordingly, it is possible that the Group could become subject to taxation in Russia that is not anticipated either at the date of this document or when its investments in Russia are made, valued or disposed of, which could have a materially adverse effect on the Group.

There is a risk of non-Russian entities in the Group being subject to Russian taxation

The Company and its non-Russian subsidiaries are generally considered to be non-residents of Russia for tax purposes. There can be no assurance, however, that the Russian tax authorities will not deem that the Company or any non-Russian subsidiary has a permanent establishment in Russia as a result of activities of the Group or the exercise of management and control from within Russia. There have been instances reported which do not involve the Group where non-Russian companies that perform holding or finance functions and are managed and controlled from Russia, have been challenged by Russian tax authorities as having a permanent establishment in Russia. Such a challenge to the Group could result in one or more of the non-Russian entities in the Group being subject to Russian profits tax computed under Russian tax principles and Russian income tax withholding being assessed on interest and certain other payments made from such companies which could result in a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Changes to the tax residency of the Company and other members of the Group or changes to the treatment of intra-group arrangements could adversely affect the Company's financial and operating results

In order to maintain its tax resident status in Jersey, the Company is required not to be controlled and managed from any other relevant jurisdiction. In determining and maintaining the tax residence status of the Company in Jersey, a number of factors must be closely monitored. Among the most important factors, in order to maintain the tax residence status of the Company in Jersey, are the composition of the Company's board of directors, the place of residence of the board's individual members and the location(s) in which the board makes vital decisions. While the Company is organised in Jersey, care must be taken to ensure that major decisions are not made in countries such as Sweden, Finland, Russia or elsewhere where the Company may operate or the Company may lose its Jersey tax resident status. As such, management errors could potentially lead to the Company being considered tax resident in a jurisdiction other than Jersey which would negatively affect its financial and operating results.

There is a risk that amounts paid or received under intra-group arrangements in the past and/or the future could be deemed for tax purposes to be lower or higher than the actual amount paid or received, as the case may be, which may increase the Group's taxable income or decrease the amount of losses available to the Group with a consequential negative effect on its financial and operating results.

In addition, if the Company were treated as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which it invests or in which its investments are managed, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax.

The Group's subsidiaries have deferred tax liabilities that could become payable upon property dispositions

The Group's properties are owned by real estate companies that account for deferred tax liabilities in respect of the properties that they own. Such liabilities, collectively, approximated €262.8 million as at 30 June 2007. Under current tax legislation, these deferred taxes may become payable upon a sale of the property by the property owning company. The Group, in accordance with customary market practice, purchased the shares in the property owning companies rather than the property itself. In the event that tax law or market practice changes, or purchasers are otherwise only willing to purchase the underlying property rather than shares in the property owning company, these deferred tax liabilities could limit the amounts realisable by the Group on the disposition of its properties.

Shareholder liability under Russian legislation could cause the Group to become liable for the obligations of the Group's Russian subsidiaries

The Russian Civil Code and the Russian Joint Stock Companies Law generally provide that shareholders in a Russian joint stock company are not liable for the obligations of the joint stock company and bear only the risk of loss of their investment. This may not be the case, however, when one company is capable of determining

decisions made by another company. The company that is capable of determining such decisions is deemed an “effective parent” and the company whose decisions are capable of being so determined is deemed an “effective subsidiary”. Under the Russian Joint Stock Companies Law, an effective parent bears joint and several responsibility for transactions concluded by the effective subsidiary in carrying out these decisions if this decision-making capability is provided for in the charter of the effective subsidiary or in contract between the companies and the effective parent gives obligatory directions to the effective subsidiary.

In addition, an effective parent is secondarily liable for an effective subsidiary’s debts if an effective subsidiary becomes insolvent or bankrupt resulting from the action or inaction of an effective parent. This is the case no matter how the effective parent’s ability to determine decisions of the effective subsidiary arises. For example, this ability could arise through ownership of voting securities or by contract. In these instances, other shareholders of the effective subsidiary may claim compensation for the effective subsidiary’s losses from the effective parent which caused the effective subsidiary to take action or fail to take action knowing that such action or failure to take action would result in losses. Accordingly, the Company could be liable in for the debts of its subsidiaries. This liability could have a material adverse effect on the Group’s business, financial condition and result of operations.

Vaguely drafted Russian transfer pricing rules and lack of reliable pricing information could adversely affect the Group’s results of operations

Russian transfer pricing rules came into force in 1999, giving Russian tax authorities the right to control prices of transactions between related entities and certain other types of transactions between independent parties, such as foreign trade transactions or transactions with significant price fluctuations. The Russian transfer pricing rules are vaguely drafted, leaving wide scope for interpretation by Russian tax authorities and arbitration courts and their use in politically motivated investigations and prosecutions. The Manager believes that the acquisition price for the Baltic Russian Portfolio is a market price and, therefore, complies with the requirements of Russian tax law on transfer pricing. Nevertheless, due to the uncertainties in interpreting transfer pricing legislation, the tax authorities may challenge the Purchase Price and propose adjustments. If such price adjustments are upheld by the Russian arbitration courts and implemented, the Group’s results of operations could be adversely affected. In addition, the Group could face significant losses associated with the assessed amount of previously underpaid tax and related interest and penalties, which could have a material adverse effect on its financial condition and result of operations.

The Group may not have access to adequate accounting information regarding properties in Russia

Accounting, auditing and financial reporting standards in Russia do not match International Financial Reporting Standards and are not always equivalent to those applicable in more developed market economies. The quality and reliability of information about specific properties available to the Group is likely to be less than when investing in Western countries. The obligation on Russian companies to publish financial information is also relatively limited, thus making satisfactory due diligence prior to any acquisition harder to achieve.

U.S. federal income tax considerations

The Company expects to be treated as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes because of the composition of its assets and the nature of its income. The Company will primarily own its properties through ownership interests in other real property companies. If the real property companies are treated as corporations for U.S. federal income tax purposes, they may also be considered PFICs resulting in the Company owning equity interests in other PFICs. This may subject U.S. holders to additional reporting requirements and adverse tax consequences. U.S. holders may be able to make a qualified electing fund election to minimise the tax consequences of owning equity interests in a PFIC and the Company intends, upon request, to provide to U.S. holders the information necessary to make such elections. Moreover, the Company made elections with respect to most of the real property companies to avoid the consequences of owning equity interests in a PFIC that itself owns equity interests in other PFICs. However, for several of the Company’s real property companies (nine as of the end of 2006, with a further three acquired to date in 2007) no election was in effect, and accordingly, such real property companies are expected to be treated as separate PFICs. In addition, the Company may hold additional properties in the future through real property companies that will also have to be treated as separate PFICs. U.S. investors should consult their own advisers concerning the U.S. federal income tax consequences of owning equity interests in a PFIC, including the consequences of owning equity interests in a PFIC whose assets may include ownership of equity interests in other PFICs.

As the Company is expected to acquire assets indirectly through ownership of other real property companies, the depreciated tax basis in the assets is generally expected to be substantially lower than the current fair market value. Therefore, U.S. holders may recognise substantially more taxable income than if the Company had acquired such assets directly. U.S. investors are encouraged to consult their own advisers concerning the U.S. federal income tax consequences of owning shares in the Company. See Part VIII of this document for further details.

The assets of the Company could be deemed to be “plan assets” that are subject to the requirements of ERISA or Section 4975 of the Code

Unless an exception applies, if 25 per cent. or more of the Shares (calculated in accordance with ERISA) or any other class or equity interest in the Company are owned, directly or indirectly, by “benefit plan investors” (within the meaning of ERISA), assets of the Company could be deemed to be “plan assets” subject to the constraints of ERISA. Accordingly, no employee benefit plan (i) that is a Benefit Plan Investor or (ii) that is subject to laws that are substantially similar to ERISA will be permitted to acquire the Shares. Prospective investors should refer to “ERISA Considerations” and “Transfer Restrictions” in paragraphs 1 and 4 respectively in Part IX of this document and should consult with their legal advisers before investing in the Shares.

RISKS RELATING TO THE SHARES AND THE CONVERTIBLE LOAN NOTES

The market price of the Shares may fluctuate widely in response to different factors

The market price of the Shares may not wholly or mainly reflect the value of the underlying investments of the Company, but may also be subject to wide fluctuations in response to many factors (some of which are beyond the Company’s control), including variations in the operating results of the Group, divergence in financial results from stock market expectations, changes in earnings estimates by analysts, a perception that other market sectors may have higher growth prospects, general economic conditions, legislative changes in the Company’s sector and other events and factors outside the Company’s control. The market value of a Share may vary considerably from its underlying net asset value.

In addition, stock markets have from time to time experienced extreme price and volume volatility which, in addition to general economic and political conditions, could adversely affect the market price for the Shares. To optimise returns, investors may need to hold the Shares on a long-term basis and they may not be suitable for short-term investment. Admission should not be taken as implying that there will be a liquid market for the Shares. If an active trading market is not maintained, the liquidity and trading price of the Shares could be adversely affected. Even if an active trading market is maintained, the market price for the Shares may fall. The value of the Shares may go down as well as up and the market price of the Shares may not reflect the underlying value of the Group’s investments.

Shares available for future sale

Any sales of substantial amounts of Shares in the open market, or the perception that such sales might occur, could create negative sentiment and potentially materially and adversely affect the market price of the Shares at that time.

The Convertible Loan Notes could impair the Company’s ability to pay dividends

The Convertible Loan Notes are designed to bear interest at such a rate so that the interest received is equal to the dividend payment on the Shares such Convertible Loan Notes could be converted into. Nevertheless, the Convertible Loan Notes bear interest at a rate of at least 4 per cent. per annum. In the event that the Company’s declared dividends are lower than this amount, holders of the Convertible Loan Notes would be treated preferentially to Shareholders and, if the Company had insufficient funds to pay both interest on the Convertible Loan Notes and dividends, dividends would not be paid.

CORPORATE INFORMATION

Directors	Jens Engwall (Chairman) Michael Hirst OBE Ian Livingstone Christopher Lovell Kari Österlund Martin Sabey
Registered Office of the Company	13 Castle Street St Helier Jersey Channel Islands JE4 5UT
Administrator and Secretary of the Company	Sanne Trust Company Limited 13 Castle Street St Helier Jersey Channel Islands JE4 5UT
Financial Adviser	Citigroup Global Markets Limited Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB
Manager	LR Real Estate Asset Management AB Kungsgatan 48 111 35 Stockholm Sweden
Listing Agent, Dutch Transfer Agent and Paying Agent	ING Bank N.V. Van Heenvlietlaan 220 1083 CN Amsterdam The Netherlands
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Legal Adviser to the Company as to Jersey Law	Ogier Whiteley Chambers Don Street St Helier Jersey JE4 9WG
Legal Adviser to the Company as to Dutch law	Houthoff Buruma N.V. Gustav Mahlerplein 50 1082 MA Amsterdam The Netherlands
Legal Adviser to the Financial Adviser as to English and U.S. Law	Cleary Gottlieb Steen & Hamilton LLP City Place House 55 Basinghall Street London EC2V 5EH

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Registrar

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U.K. Transfer Agent

Capita Registrars
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PART I
INFORMATION ON THE COMPANY

1. INTRODUCTION

Northern European Properties Limited is a Jersey incorporated company, which was admitted to trading on AIM in November 2006 and which invests in real estate opportunities in the Nordic and Baltic Regions and Russia. The Company offers investors access to an existing portfolio of assets and well-established local operations in these regions. The Company has appointed LR REAM to manage these property assets and to pursue investment opportunities. The Company has an experienced board of six non-executive Directors, chaired by Jens Engwall.

2. THE INVESTMENT OPPORTUNITY

The Company offers investors access to a growing portfolio of income generating properties managed by a team of professionals with a proven track record of successful property investment and active asset management. Whilst the portfolio has been predominantly based in the Nordic Region, the Company outlined its intention to expand its investment portfolio into the Baltic and Baltic Russia (St Petersburg and environs) regions, at the time of its IPO. Consistent with this strategy, on 30 May 2007 the Company announced that it intended to acquire six properties in Baltic Russia for an estimated total consideration of €231 million.

Whilst there remains a pipeline of further opportunities in Baltic Russia, other regions of Russia are becoming more attractive as an investment opportunity due to lower levels of competing investment. The St Petersburg real estate market has been fuelled by a large inflow of foreign capital as the city has been the gateway to Russia for many investors. This has led to increased competition for many of the deals, and as a consequence a more rapid shift in the investment market than for other parts of Russia. The Russian regional cities have been lagging behind those of St Petersburg and Moscow in terms of foreign investment and real estate prices. Many of these cities, such as Novosibirsk and Yekaterinburg, are of considerable size and have been favoured by the strong economic growth of Russia. The Directors expect that these cities will be a very attractive investment opportunity for the Company, given their healthy investment climate, undersupply of quality properties and less competition for assets.

As a result, on 30 May 2007, the Directors announced a broadening of the Company's geographic focus to target other major cities in Russia, in addition to St Petersburg and its environs. The Company's strategy in Russia will continue to be the building of a stable, cash generative portfolio with opportunities for value uplift through active management. Although the Company does not currently invest in development projects, it may increase its exposure to such investments, given the nature of real estate opportunities in Russia. However, at no time would the Company's development assets represent more than 25 per cent. of the Gross Asset Value of the Company. As at the date of this document, the Company does not have any investments in development projects.

3. THE COMPANY'S PORTFOLIO

Nordic Portfolio

As at 30 June 2007, the Company's Nordic Portfolio, the majority of which was acquired in November 2006, consisted of 93 properties located in the Nordic Region, Lithuania, Germany and Poland with approximately 1.9 million square metres of floor area and approximately 272 tenants, generating aggregate gross rental income (on an annualised basis) of approximately €140 million. The economic occupancy rate was 96 per cent. with an average lease length of 10.5 years. This portfolio has been externally valued by DTZ, as at 30 June 2007, at a market value of approximately €1.8 billion. The valuation report is reproduced in Part A of Part XI of this document.

Following the Company's IPO in November 2006, in the period ended 30 June 2007, the Company expanded the Nordic Portfolio through the acquisition of 20 properties for a total consideration of €136 million. During this period, the Company also disposed of 11 properties in Sweden and Finland for a total consideration of €221 million, representing a 14 per cent. uplift on the external valuation by DTZ as at 30 June 2006 contained in the AIM admission document.

In addition, on 27 November, the Company announced that it had reached an agreement in principle to sell a portfolio of 14 of its properties in Sweden, through the sale of shares, to Kungsleden AB. The portfolio consists of industrial, logistics and office properties whose principal tenants are ABB Fastighet AB and Frigoscandia. The

transaction completed on 13 December 2007. On 27 November 2007, the Company also announced the sale of a Swedish property in a separate transaction to Diös & Kuylenstierna AB. The sales proceeds, net of transaction costs, from both transactions amount to approximately €363 million, which is in line with the DTZ Valuation of such properties (including portfolio premium) as at 30 June 2007. For further details of this agreement please see paragraph 8.10 of Part X of this document.

The figures below show the geographic spread of the Company's Nordic Portfolio as at 30 June 2007, together with a breakdown of net rental income by location.



Fig 1: Location of Company's portfolio as at 30 June 2007

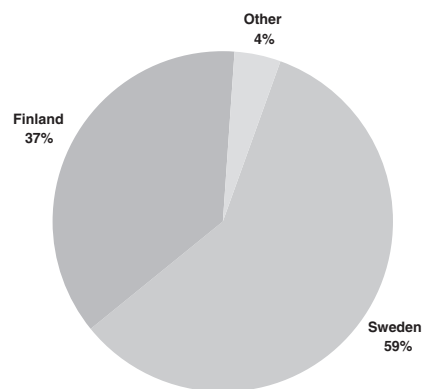


Fig 2: Portfolio as at 30 June 2007 by NRI⁽¹⁾

(1) Net Rental Income excluding estimated rental value of vacant areas.
Note: Other areas include Denmark, Poland, Lithuania and Germany.
Source: Northern European Properties Limited

In the period to 30 June 2007, the primary focus of the portfolio has been in Sweden (49 properties with approximately 1.4 million sqm of floor space) and in Finland (38 properties with approximately 383,000 sqm of floor space) with an additional six properties located across Denmark, Lithuania, Germany and Poland (approximately 108,000 sqm of floor space). As can be seen from the map above, the spread of locations within Sweden and Finland as at 30 June 2007 was relatively wide and not solely focused on the core business districts of Stockholm or Helsinki. This will continue to be the case following the disposal of the 15 Swedish properties announced on 27 November 2007.

The table below shows the breakdown of the Company's portfolio by use as at 30 June 2007:

<u>Asset Type</u>	<u>No. of properties⁽¹⁾</u>	<u>Market Value⁽²⁾ (€m)</u>	<u>Area (sqm, 000s)</u>	<u>Market Value/sqm (€)</u>	<u>Percentage of Total Market Value (%)</u>	<u>Net Rental Income⁽³⁾ (€m)</u>	<u>Net Yield (%)</u>	<u>Percentage of Net Rental Income (%)</u>
Nordic Portfolio								
Office	6	197	190	1,036	10.5	12.0	6.1	10.1
Industrial	26	515	887	580	27.4	37.0	7.2	31.2
Logistics	20	329	416	789	17.5	20.6	6.2	17.4
Total Commercial	52	1,040	1,493	696	55.4	69.6	6.7	58.7
Hotel	41	837	417	2,007	44.6	49.0	5.9	41.3
Total	93	1,877	1,910	982	100.0	118.6	6.3	100.0

(1) Number of properties shown is at 30 June 2007 and includes 15 Swedish properties which the Company has subsequently sold.

(2) Represents portfolio market value as of 30 June 2007 based on DTZ Valuation Report. Total property market value, excluding the portfolio premium of €53 million, is recorded in the Company's financial information as of 30 June 2007 contained in Part V, through investment properties (€1,808 million) and inventories (€16 million). Property included in inventory represents an office property in Sweden, held for sale.

(3) Net rental income is based on annualised actual results for the period from 1 January 2007 to 30 June 2007 on properties held as at 30 June 2007. Amounts stated are before management fees and tenant improvement costs.

Source: L&R REAM

Office (six properties)

As at 30 June 2007, the Company's office portfolio consisted of six properties in Sweden (one asset in Stockholm was held for sale and a disposal contract was signed in June 2007). The Swedish properties include one major asset in Västerås, of 122,560 sqm which generates rental income of approximately €11.4 million per annum.

Industrial (26 properties)

Of the 26 properties categorized as industrial within the Company's portfolio as at 30 June 2007, 23 were located in Sweden, two in Poland and one in Germany. The Swedish portfolio comprises two high tech developments of approximately 284,000 sqm in Västerås, currently mainly occupied by ABB Fastighet AB. ABB Fastighet AB is also the major tenant in a 39,000 sqm industrial property located in Nyköping.

Logistics (20 properties)

Of the 20 warehouse facilities in the Company's portfolio as at 30 June 2007, 18 are located in Sweden and two in Denmark. A significant property leased to Kapp-Ahl of approximately 48,000 sqm is in Mölndal, a suburb of Gothenburg, which generates rental income of approximately €3.4 million per annum. The Danish logistics properties, with a total lettable area of approximately 45,000 sqm of space are leased by Frigoscandia Distribution AB.

Hotel (41 properties)

As at 30 June 2007, the Company's portfolio consisted of 41 hotels, 38 hotel properties located in Finland, two in Sweden and one in Lithuania. The majority of the hotel properties are operated by major Finnish operators including Restel Oy, Sokotel Oy and Scandic Hotels Oy under international brands such as Crowne Plaza, Holiday Inn, Radisson, Ramada and Holiday Club, as well as Finnish brands including Cumulus, Sokos Hotels and Palace Hotels. Three of the key properties are the Crowne Plaza in Helsinki, which generates rental income of approximately €5 million per annum, the Berns hotel, one of Stockholm's most recognised and exclusive hotels, which generates rental income of approximately €2.0 million per annum, and the Holiday Club hotel spa in Åre, Sweden which generates rental income of approximately €3.3 million per annum. In addition to

applicable turnover-based rental provisions, the majority of the Finnish hotel leases contain fixed minimum rental provisions that are not dependent on the performance of the underlying business.

As at 30 June 2007, the Company's portfolio was leased to approximately 272 tenants under more than 491 leases with a weighted average lease length of approximately 10.5 years. Approximately 94 per cent. of the rental income was subject to a yearly adjustment linked to the local consumer price index.

The Company's ten largest tenants as at 30 June 2007, represented approximately 81 per cent. of total gross rental income and had a weighted aggregate average lease length of approximately 12.0 years, as shown by the breakdown below:

Tenant	Area (sqm)	Gross Rental Income (€m) ⁽¹⁾	Percentage of Gross Rental Income	Lease Length (Years)	Use
ABB Fastighet AB	561	41.3	29.6	7.2	Industrial/office
Restel Group	266	29.7	21.3	17.6	Hotel
Frigoscandia Distribution AB	191	11.7	8.4	17.5	Logistics
Sokotel	86	10.8	7.8	11.7	Hotel
Finnveden AB	175	4.8	3.4	12.1	Industrial
Fortifikationsverket	62	4.0	2.9	3.5	Logistics/Office
KappAhl Sverige AB	48	3.4	2.4	10.5	Logistics/Office
Holiday Club Sweden AB	22	3.3	2.3	18.2	Hotel
Scandic Hotels	14	2.2	1.6	7.7	Hotel
Berns Group AB	8	2.1	1.5	8.5	Hotel
Total Top 10	1,433	113.3	81.2	12.0	
Total	1,910	139.6	100.0	10.5	

⁽¹⁾ Gross Rental Income is calculated based on current tenant rental rates as at 30 June 2007, annualised.

Source: L&R REAM

On 27 November 2007, the Company announced that it has reached an agreement in principle to dispose of 14 properties in Sweden and also that it has sold one other Swedish property in a separate transaction. The disposal of the 14 properties completed on 13 December 2007. Following completion of these disposals, the composition of the top ten tenants has altered and in particular Frigoscandia Distribution AB's percentage of Gross Rental Income has reduced to approximately 2.9 per cent. and ABB Fastighet AB's percentage of Gross Rental Income has reduced to approximately 26.3 per cent.

Select Tenant Profiles

ABB Fastighet AB

The ABB group (29.6 per cent. of GRI⁽²⁾, rated A- by Standard & Poors⁽³⁾) is one of the world's leading engineering firms formed in a merger between the Swedish Asea AB and the Swiss BBC Brown Boveri. In 2006 the ABB group had a combined turnover of approximately U.S. \$24 billion with operations in around 100 countries and approximately 108,000 employees. The listed entity, ABB Ltd, trades on the Zurich, Stockholm and New York stock exchanges.

The relationship with ABB Fastighet AB was London & Regional Group's first in the Nordic Region, dating back to 2002. London & Regional Group has been providing overall asset management services to ABB Fastighet AB, including re-sites and re-lets as well as day-to-day property management functions.

ABB Fastighet AB has exercised a downsizing option which took effect from 1 January 2007 which, if the space is not re-let, will result in a rental income decline of approximately SEK 62.6 million (€6.7 million). The Manager has agreed to provide a guarantee amounting to approximately SEK 36.5 million (€3.9 million) in line with what it believes sustainable occupancy to be. In connection with the completion of the sale referred to in paragraph 8.10 of Part X of this document, the guaranteed amount is expected to be reduced to reflect such sale. Further details and a summary of the Rental Shortfall Guarantee to be provided by the Manager are set out in paragraph 8.2 of Part X of this document. For recent developments with the properties let to this tenant, see "Nordic Portfolio Update" below.

Restel

Restel (21.3 per cent. of GRI⁽²⁾) is Finland's largest hotel and restaurant operating company with 281 restaurants and 45 hotels with a total of 7,275 rooms. Restel Ltd is a subsidiary of Cooperative Tradeka Corporation which is owned by more than 300,000 Finnish consumers. The Restel portfolio includes the Cumulus, Rantasipi, Ramada, Holiday Inn and Crowne Plaza hotel chains in Finland and Martina, Huviretki, Rax, Night Life, Hemingway's, Wanha, Mestari, Parnell's and Grand Star Café restaurant chains. The company employs 4,700 professional staff.

London & Regional Group acquired the properties in the Restel portfolio in September 2004. In addition to property management functions, LR REAM has an in-house team of experienced hospitality experts, located in Helsinki which provide specialist hotel property management services. The Manager believes these services are valued highly by tenants which results in a more integrated manager/tenant relationship.

Frigoscandia

Frigoscandia (8.4 per cent. of GRI⁽²⁾), a wholly-owned subsidiary of the Norwegian government-owned postal service, Norwegian Post, has been a market leader in temperature-controlled logistics in the Nordic countries since the 1950s. The Company operates in four business areas: logistics, international transport, Nordic transport and supply chain management services. Frigoscandia has warehouses in 22 locations in the Nordic countries (four in Norway, 12 in Sweden, five in Denmark and one in Finland) with a total storage capacity of 60,000 m³ ambient, 64,000 m³ chilled and 1,087,000 m³ frozen. Internationally, Frigoscandia serves all major import and export markets in Europe with temperature-controlled transport services, as well as offering global logistics solutions through its network. The company has around 1,000 employees in the Nordic countries and recorded a turnover in excess of SEK 2 billion in 2004.

⁽²⁾ Gross Rental Income is calculated based on current tenant rental rates as at 30 June 2007, annualised.

⁽³⁾ Credit rating of parent company, ABB Asea Brown Boveri Limited, which guarantees the rental income of ABB Fastighet AB.

Source: Unaudited/LR REAM

Nordic Portfolio Update

As announced on 27 November 2007, the Company reached an agreement in principle to sell a portfolio of 14 of its properties in Sweden, through the sale of shares, to Kungsleden AB. The portfolio consists of industrial, logistics and office properties whose principal tenants are ABB Fastighet AB and Frigoscandia. The transaction completed on 13 December 2007. On 27 November 2007, the Company also announced the sale of a Swedish property in a separate transaction to Diös & Kuylenstierna AB. The sales proceeds, net of transaction costs, from both transactions amount to approximately €363 million, which is in line with the DTZ Valuation of such properties (including portfolio premium) as at 30 June 2007. The Gross Rental Income for the properties was approximately €29.4 million.

The table below sets out certain key details of the Swedish properties which the Company has sold:

Property name	Address	Municipality	Lettable area, sqm			
			Industrial/ Logistics	Office	Other	Total
Grubbe 9:48	Kabelvägen 1 A	Umeå	705	112	82	899
Kylfacket 1, Kylrummet	Hallmästarevägen 4-8	Stockholm	19,189	2,518	3,355	25,062
Jordbromalm 6:14	Lagervägen 11, 15	Haninge	8,787	296	490	9,573
Oxen 11	Västra Drottninggatan 40	Kumla	1,791	258	402	2,451
Slakthuset 14	Lindövägen 70	Norrköping	2,106	110	589	2,805
Arendal 764:385	Sydatlanten 12	Göteborg	8,352	863	890	10,105
Hyveln 4	Sliparevägen 13	Sölvesborg	586	127	49	762
Bjuv 23:3	Billesholmsvägen 6	Bjuv	18,218	370	293	18,881
Rausgård 22	Landskronavägen 11, 21	Helsingborg	40,492	3,870	17,250	61,612
Kronoslätt 1:3	Västanvägen	Staffanstorp	18,186	1,095	1,444	20,725
Ludvika	Kajvägen 1	Ludvika	129,113	41,077	19,809	189,999
Verkö 3:4	Verkö Industriområde	Karlskrona	29,778	3,736	3,719	37,233
Bulten 1	Sävelundsgatan 2	Alingsås	14,927	3,454	—	18,381
Stenvreten 4:1	Garagevägen 1-3 etc	Enköping	44,461	888	910	46,259
Asea 3	Västberga Allé 60	Stokholm	46,138	8,578	12 930	67,646
Total			382,829	67,352	62,212	512,393

Baltic Russian Portfolio

On 30 May 2007, the Company announced that it intended to acquire six properties in Baltic Russia for an estimated total consideration of €231 million. The aggregate price is likely to exceed this amount, based on subsequent negotiations, however the total yield is expected to remain virtually the same. The portfolio consists of two office properties, a hotel, a retail DIY store and two shopping centres with a combined 104,000 square metres of lettable area in St Petersburg, Kaliningrad and Murmansk. In July and September 2007, the Company completed the acquisition of two of these properties, located in Murmansk and Kaliningrad. These two properties have been externally valued by Cushman, as at 8 October 2007, at a market value of approximately U.S.\$ 127 million. This valuation report is reproduced in Part B of Part XI of this document. The acquisition of the remaining four properties is expected to be completed by early 2008.

The Baltic Russian Portfolio includes two office properties located in the embankment area and Central Business District of St Petersburg respectively, with a total lettable area of 25,639 square metres and both are fully leased. The average stabilised yield on the purchase price is approximately 10 per cent. The portfolio also includes a hotel with 278 rooms and lettable area of 28,810 square metres and a retail DIY store with lettable area of 12,000 sqm in St Petersburg. These properties are being acquired from the London & Regional Group and are currently leased to strong western tenants, Sokos and Kesko, on long leases of 15 years and ten years respectively. The average stabilised yield on the purchase price is approximately 8 per cent. The remaining two properties in the portfolio are shopping centres in Kaliningrad and Murmansk. These properties have an aggregate lettable area of 37,793 square metres and are both anchored by well-known tenants. The average stabilised yield on the purchase price is approximately 10 per cent.

4. SELECTED FINANCIAL INFORMATION

On 19 September 2007, the Company announced its interim results for the period from 23 October 2006 to 30 June 2007. The following financial information should be read solely as an introduction to the financial information relating to the Group set out in Part V of this document from which it has been extracted without material adjustment.

Summarised Consolidated Income Statement for the period ended 30 June 2007

	<u>23 October 2006 - 30 June 2007</u>
	€ millions
Net rental income	74.0
Net gains on investment properties	82.8
Administrative expenses	(12.4)
Impairment of goodwill	(36.8)
Operating profit	107.6
Net finance (expenses)/income	6.3
Profit before tax	113.9
Current income tax credit	1.5
Deferred income tax expense	(24.9)
Profit for the period	90.5

Summarised Consolidated Balance Sheet as at 30 June 2007

	<u>30 June 2007</u>
	€ millions
Total non-current assets	2,113.4
Total current assets	502.4
Total assets	2,615.8
Total non-current liabilities	1,674.4
Total current liabilities	321.3
Total liabilities	1,995.7
Equity attributable to equity holders of the parent	613.7
Minority interest	6.4
Total equity	620.1
Total equity and liabilities	2,615.8

5. ACQUISITION PIPELINE

The proceeds of the sale of the 15 Swedish properties, announced on 27 November 2007, are expected to be used to partially fund, together with existing resources, the completion of the four remaining Baltic Russian properties, as described under “Baltic Russian Portfolio” above. The Company expects to continue to optimise the value of its existing Nordic Portfolio and where suitable values can be achieved, will consider further sales in order to strengthen its cash position and thereby its financial flexibility.

Consistent with the Company’s objective to broaden its geographic scope, the Company will seek cash-generative acquisitions, principally within Russia but also in the Nordic and Baltic Regions. The London & Regional Group has a number of development projects in Russia underway that may provide opportunities for the Company to expand its Russian portfolio of assets, subject to agreement of suitable terms. London & Regional’s Russian development pipeline is comprised of a mix of office, hotel and retail assets. In addition to the potential to source acquisitions in Russia directly from the London & Regional Group, the Manager has individuals based in Russia who can source and execute third party acquisitions on behalf of the Company.

Whilst the Company’s principal focus going forward will be on expanding the portfolio within Russia, the Company will in addition instruct the Manager to continue to pursue selected opportunities in the Nordic and Baltic Regions, where they meet the Company’s investment criteria. In light of current market conditions, in particular the availability of credit on attractive terms, the Board will be cautious in pursuing further acquisitions in the short term, beyond those already committed to in Russia.

6. MANAGEMENT OF THE COMPANY’S PORTFOLIO

The Board

The Board comprises six experienced non-executive Directors and includes individuals who bring to the Company significant real estate experience, both at a local level within the Nordic and Baltic Regions and also internationally, together with strong listed company expertise. The chairman of the Company, Jens Engwall, is the former Chief Executive of Kungsleden, one of Sweden’s largest listed property companies, having held the post from 1993 to July 2006. Further information on the directors is set out in Part II of this document.

The Board is responsible for the determination of the Company’s investment objectives and strategy and has overall responsibility for the activities of the Group. Day-to-day responsibility for asset management is delegated to the Manager under the terms of the Management Agreement, although the Board is required to be fully briefed on all investment opportunities and formally to approve all investment decisions of €50 million and over. The Board also has the power to instruct the Manager not to proceed with any transaction within the Manager’s delegated authority.

The Manager

In November 2006, LR REAM (a subsidiary of London & Regional Group), was appointed as the Manager of the Group pursuant to the terms of the Management Agreement under which it was given responsibility, subject to the overall supervision of the Board, for the active management of the Group’s property portfolio. LR REAM was specifically established by London & Regional Group for the purpose of providing strategic investment advisory and real estate management services to the Company.

The LR REAM management team, which currently comprises 29 individuals located in Sweden, Finland, Russia and the UK, is very experienced, with extensive local knowledge and specialist skills, particularly in hotel asset management, and has an established track record of enhancing the value of investments through active asset management. Examples include:

- Re-letting a significant office development in Sweden vacated by its sole tenant. The premises were refurbished, modernised and successfully re-branded, leading to significant demand for space within the building and an occupancy ratio of around 80 per cent.;
- Acquiring, in 2003, a portfolio of mixed office properties with possible lease terminations in 2005, 2006 and 2008. Negotiations with the three tenants and minor cash investments into three of the properties resulted in new ten-year leases being agreed and significant yield shift. The three properties have since been sold to realise value;
- Acquiring a hotel and timeshare operating company and then restructuring it into separate property owning and operating companies. In order to realise the full value of the assets, the main part of the operating company was subsequently divested to a major hotel operator while L&R Group retained the property company; and

- Selling €221 million of properties consisting of a portfolio of seven office and industrial properties located in Finland, the largest property being an office building leased to Nokia, and four office properties located in Stockholm. The total sale price reflects a 14 per cent. uplift on the external valuation by DTZ, as at 30 June 2006, contained in the Company's AIM admission document published in November 2006.

The Manager currently has one office in Sweden focusing on office, industrial and warehouse properties in the Nordic Region, two offices in Finland focusing on hotels and an office in St. Petersburg.

Under the terms of the Management Agreement, LR REAM identifies and evaluates investment opportunities to recommend to the Board in line with the Company's investment policy, provides a full range of real estate asset management services and advises the Board on strategies to enhance portfolio value. LR REAM is also responsible for calculating the Company's net asset value periodically.

Management Team

The management team of LR REAM has extensive experience in the real estate management business. The board members of LR REAM are Nils Pers and Per Lindblad, and Erik Turai is a deputy board member. Other members of the management team include Thomas Lindeborg, Vesa Tengman, Tomi Bergman and Kari Paajanen.

Thomas Lindeborg, Chief Executive Officer

Mr. Lindeborg joined London & Regional Group in 2002 when he was appointed CEO of its Nordic operations, with a particular focus on opportunities in the Baltic Region and Baltic Russia. He has over 20 years' experience in the real estate sector, having previously held senior positions with Anders Diös AB and Amplion Fastigheter AB. He is qualified as a chartered surveyor and has a doctorate in real estate economics.

Nils Pers, Managing Director Scandinavia

Mr. Pers joined London & Regional Group in early 2006 as managing director of the Group's Scandinavian operations. Prior to this he was managing director of Fastighets AB Brostaden, a subsidiary of Castellum AB, for over ten years, during which time he built up a management organisation responsible for 440,000 sqm of office and industrial properties with over 30 employees.

Vesa Tengman, Managing Director Finland

Mr. Tengman was appointed Managing Director Finland on 1 December 2006 and is responsible for managing all activities of Northern European Properties in Finland, including LR Real Estate Asset Management AB, Holiday Club Resorts Oy and Dividum Oy. Mr. Tengman has acted as CEO and member of the Board of Directors of Holiday Club for the past 16 years. In addition to his position at Holiday Club he worked as CEO of the private investment company Procurator Oy. Before joining Procurator, Mr. Tengman worked in different management positions at Nokia.

Per Lindblad, Chief Financial Officer Nordic and Russia

Mr. Lindblad was appointed Chief Financial Officer with effect from 13 August 2007. He was previously Managing Director of European Debt Capital Markets covering the Nordic region at Eurohypo bank. Prior to that role, he was Head of the Structured Finance real estate team at SEB Merchant Banking.

Erik Turai, Chief Financial Officer Scandinavia

Mr. Turai is Chief Financial Officer of the Scandinavian operations. He has previously worked as a finance manager for several property companies including Fastighets AB Burspraket and Forvaltning AB Granen and from 1999 to 2005 he was chief finance officer of the formerly listed property company, Realia AB.

Tomi Bergman, Senior Advisor

Mr. Bergman was appointed as Senior Advisor to LR REAM with effect from his retirement on 1 December 2006, prior to which he had been LR REAM's Managing Director in Finland. He now focuses on developing the Company's growth opportunities in Russia. He has spent the majority of his career working in hotel operations and from 1986 to 1994 was managing director of HOK/Sokos Hotels Helsinki, the leading hotel chain in Finland.

Kari Paaajanen, Senior Officer Russia

Mr. Paaajanen joined London & Regional Group in 2006, prior to which he had held a variety of different management positions within YIT Construction Limited in St. Petersburg. His most recent position was as marketing and development director with responsibility for marketing activities in Baltic Russia including housing developments and tender based projects.

In addition to the above officers, LR REAM has two established asset and investment management teams, based in Finland and Sweden. Within these teams, asset managers are responsible for relationships with tenants in their jurisdiction and supervise the provision of day-to-day management services in respect of the properties, which are generally conducted through a third party provider, such as YIT Building Systems AB in Sweden. Investment managers are responsible for sourcing and evaluating new investment opportunities, preparing the pre-investment memorandum and making recommendations to the Directors. A financial team supervises the preparation of accounts, co-ordinates financial reporting and manages overall budget planning.

Management Agreement

In consideration for its services under the Management Agreement, LR REAM receives an annual management fee of 0.4 per cent. based on the average Gross Asset Value of the properties within the Company's portfolio as assessed at the start and end of each accounting period, together with properly incurred direct external costs and disbursements.

In addition, LR REAM receives the Performance Fee if the Total Shareholder Return, assuming that all Convertible Loan Notes have been converted, in any year exceeds 10 per cent. Once this 10 per cent. threshold is exceeded, LR REAM is entitled to receive a fee equal to 25 per cent. of the amount by which the Total Shareholder Return for the relevant financial period exceeds 10 per cent. multiplied by the net asset value per Share at the beginning of the period. Special provisions then apply to determine: (a) the number of Shares by which the foregoing formula is multiplied to arrive at the actual Performance Fee payable; and (b) what happens in any period where no Performance Fee was payable in the preceding period.

The Management Agreement runs for an initial five-year term commencing 10 November 2006 and continues thereafter for a further three-year period unless terminated on 12 months' notice by either party. Prior to the expiry of the initial term, the agreement may be terminated for various reasons by either party, including, *inter alia*, a material unremedied or irremediable breach or the insolvency or liquidation of either party or fraud. In addition, the Company can terminate if certain events occur including a change of control of the Manager or the departure (with no agreed replacement within six months) of various individuals including Thomas Lindeborg, Nils Pers and Tomi Bergman.

Further details of the Management Agreement are set out in paragraph 8.1 of Part X of this document.

As and when the Company decides to expand its Russian portfolio further, or to acquire development assets, it will review the terms of the Management Agreement to ensure that its needs continue to be met.

Investment Process

The Company instructs the Manager to monitor the market in its target regions in order to track shifts in demand for different types of property, thus allowing adjustments in the investment strategy and process to adapt to changing conditions. However, while the investment process is intended to be opportunistic and flexible, the Manager is required to have regard to financial and commercial criteria covering factors such as minimum yields and margins, property location, the availability of appropriate debt finance which such opportunities should generally meet and the impact of proposed acquisitions on the effective cash tax rate of the Group.

The Company generates investment opportunities from a variety of sources, including:

- (a) existing relationships of LR REAM's management team and the Directors with local business and industry in the Nordic and Baltic Regions and Russia;
- (b) third parties such as real estate brokers, financial institutions, property investors and, to a lesser extent, professional advisers; and
- (c) direct approaches from third party owners.

All potential transactions are subject to a thorough initial evaluation including a feasibility assessment. At the end of this phase, the Manager prepares an investment memorandum including a recommendation to the Board, having regard to the property market, the asset in question and the Company's overall investment objectives. Only if the results of this initial evaluation are positive will the Manager recommend that the Company commits resources to due diligence and negotiation of a specific heads of terms (where appropriate). Once an investment has received preliminary approval, the Manager undertakes further detailed due diligence, arranges external reviews as necessary, prepares an initial business plan in relation to the investment and negotiates with the banks for the provision of suitable debt finance. Detailed information is then supplied to the Board and if the investment is €50 million or over it will require formal board approval. If it receives the approval of a majority of the Directors on a vote of the Board, the Manager then finalises and oversees exchange and the legal completion of the acquisition. The Manager may make purchases or sell minor investments (under €50 million) on behalf of the Company without specific Board approval, provided that the Board is kept fully briefed of any such transaction. The Board may also instruct the Manager not to proceed with any transaction within the Manager's delegated authority.

In the event that any of the Company's investment restrictions are inadvertently breached, the Manager will inform the Board without delay. The Company and the Manager will then notify shareholders via the Company's website and/or a press announcement of the details of the breach and any rectifying action to be taken by the Manager. Any rectifying action will take into account the interests of shareholders in the Company at that time.

Currently no asset accounts for more than 10 per cent. of the value of the portfolio.

7. INVESTMENT OBJECTIVES AND STRATEGY

The Board is responsible for the determination of the Company's investment objectives and strategy, which are explained in more detail below.

The Company's principal objective is to generate total returns for Shareholders, through annual portfolio yields and capital appreciation over the longer term. The Directors expect to achieve these returns through enhancing current yields on the Company's portfolio through active asset management, embedded rental growth in the future (mainly attributed to the fact that the majority of leases are linked to an annual consumer price index uplift) and prospective net asset value increases through investment acquisitions. In future, the Group may also invest in development properties which are expected to meet the overall criteria of providing total returns to Shareholders and also where necessary to facilitate other transactions. Returns are expected to be paid out to Shareholders in the form of semi-annual dividends (when taken together with interest on the Convertible Loan Notes) representing approximately 90 per cent. of Adjusted FFO.

The Company seeks to achieve these objectives by investing in a large and diversified portfolio of commercial and hotel real estate assets in the Nordic and Baltic Regions and Russia, covering a large variety of tenants and a wide geographical area, as well as actively managing its existing portfolio. The Board intends that up to 100 per cent. of the portfolio is invested in real estate. In particular the Company's strategies to achieve its investment objectives are as follows:

Enhance rental and capital growth through active portfolio management

The Company intends that property assets acquired by the Group should be actively managed pursuant to the Management Agreement with the aim of enhancing rental and capital growth. The Manager is required to develop individual asset-level management strategies in order to identify value enhancement potential at each property and generate value through:

- Increasing occupancy levels of properties through its contact with potential tenants, ongoing dialogue with existing tenants and on-the-ground presence;
- Re-configuration of certain properties (e.g. relocating certain tenants in order to maximise best use of the property);
- Identification of redevelopment/refurbishment and potential acquisition opportunities;
- Negotiation of lease expiries/renewals/rent reviews/lease extensions in order to enhance the rental income profile/income quality for particular properties;
- Negotiation of new leases with existing tenants in existing and subsequently acquired properties, including after enhancements to such properties;

- Provision of specialist services, in particular in relation to hotel management, and advice on a tenant-by-tenant basis to enhance long-term tenant relationships which should lead to customer satisfaction, a pre-requisite for long-term growth; and
- Disposals of non-strategic properties or assets with low redevelopment potential.

The Directors believe that the experience of the Board and the Manager in actively managing real estate assets and providing specialist tenant advice enables them to increase returns from the Company's portfolio and subsequently acquired assets.

Make additional selective acquisitions

At the time of the Company's IPO, the Manager had identified a pipeline of assets worth approximately €1.2 billion in the Nordic and Baltic Regions and Baltic Russia. Since the IPO the Company has acquired or agreed to acquire assets for an aggregate consideration of €367 million, including certain assets from the original pipeline. These purchases have all reflected Northern European's strategy to build a high yield portfolio with secure, long lease term tenants.

Going forward, the Manager will continue to pursue cash-generative acquisitions, principally in Russia but also in the Nordic and Baltic Regions where appropriate. The strategy will continue to be on acquiring existing properties with stable income streams and potential value uplift through active management. Going forward, the Group may increase its exposure to development projects although at no time would development assets represent more than 25 per cent. of the Gross Asset Value of the Company. As at the date of this document, the Company does not have any investments in development projects. In light of current market conditions, in particular the availability of credit on attractive terms, the Board will be cautious in pursuing further acquisitions in the short term, beyond those already committed to in Russia.

The Group is not restricted to any one specific asset class or location within the defined area as long as the opportunity has the potential to create value for Shareholders.

Employ appropriate amounts of leverage to enhance returns

The Company employs leverage through debt financing to enhance returns on equity. Although the extent of such leverage varies on a property-by-property basis, the intention of the Directors is that the overall level of leverage of the Group will be in the region of 70 per cent. Loan to Value, with higher leverage in the Nordic countries and lower leverage in Russia, as appropriate, taking into account total risk and dividend policy. Wherever possible, the Directors seek financing on a non-recourse, asset-by-asset basis although the borrowing policy is adapted to suit the prevailing market conditions at the time.

8. COMPETITIVE STRENGTHS

The Board believe that the Company has a number of key strengths that are important to the continued success of the business:

Quality of Company's Portfolio

The Directors believe that the Company's Nordic Portfolio and Baltic Russian Portfolio represent a diverse high-quality mix of real estate assets. As a result of the long leases and the credit profile of the ten largest tenants, which as at 30 June 2007 accounted for approximately 81 per cent. of the gross rental income across the two portfolios, the Directors expect that the Nordic Portfolio and Baltic Russian Portfolio, which have a yield of 6.3 per cent. per annum (as at 30 June 2007) on an unleveraged basis, will generate stable and recurring net cash flows.

Experienced and active management team with strong regional presence

The Board includes individuals with significant public company and real estate experience which will allow them to evaluate opportunities presented by the Manager, with a view to creating additional shareholder value. The management team of LR REAM comprises 29 individuals, grouped into three regionally focused teams working from offices based in Sweden, Finland, Russia and the UK. Many of these individuals have been integral in creating and managing portfolios of assets in the Nordic Region and Russia on behalf of London & Regional for a number of years. These individuals have detailed local knowledge coupled with a good understanding of the key drivers and culture within the regions in which they operate and the specialist asset management skills, such

as in hotel asset management, that allow them to execute the Company's investment strategy. Such knowledge, together with the team's demonstrable track record of enhancing the value of investments through active asset management, is expected to allow them to execute significant real estate transactions and actively manage the Company's assets in such a way as to compete successfully in their target markets.

Ability to source new investment opportunities in Russia and other regions

The Company expects to have numerous opportunities to increase its portfolio. Pursuant to the Management Agreement, LR REAM will identify and evaluate investment opportunities to recommend to the Board. The London & Regional Group has a number of development projects in Russia underway that may provide opportunities for the Company to expand its Russian portfolio of assets, subject to agreement of suitable terms. L&R's Russian development pipeline is comprised of a mix of office, hotel and retail assets.

In addition to potential acquisitions in Russia sourced directly from the London & Regional Group, the Manager has experienced teams in Russia and the Nordic and Baltic Regions to source and execute third party acquisitions on behalf of the Company. The management team, as well as certain members of the Board, have well-established relationships with individuals and institutions, including financial institutions, active in the real estate markets in which the Company will operate. Such relationships, together with the close working relationships that have been established with existing tenants, are also expected to provide access to investment opportunities both within the Nordic and Baltic Region and, as the Company expands its portfolio, within Russia.

Alignment of interests of shareholders and London & Regional Group

As at 12 December 2007, LR Swedish Holdings No. 1 AB, a company owned by Richard Livingstone, the brother of Ian Livingstone, and Thomas Lindeborg was interested in 117,299,200 Shares representing 24.65 per cent. of the Company's issued share capital and 64,788,244 Convertible Loan Notes. Assuming full conversion of the Convertible Loan Notes, LR Swedish Holdings No. 1 AB will own 182,087,444 Fully Diluted Shares in aggregate representing 33.68 per cent. of the Fully Diluted Share Capital. For further details of the Convertible Loan Notes see paragraph 3.6 of Part X of this document. By virtue of this shareholding and the Performance Fee payable to the Manager, the Directors believe that there should be a strong alignment of economic interests between London & Regional Group and the Shareholders.

9. FINANCING ARRANGEMENTS

As at 30 June 2007, the Group had €1,586 million of outstanding borrowings, excluding the convertible loan notes. The Group has four facility agreements, of which the Original Facility accounts for the majority of the outstanding indebtedness. The average interest expense across all four facilities is 5.35 per cent.

The Original Facility has an initial term of five years from 31 July 2006 plus an additional two years, and it may be syndicated to other lenders or securitised. LR Navidad Holding AB, LR Finnish Holdings Oy and LR Swedish Holdings No.2 AB, each a subsidiary of the Company, are the borrowers under the Original Facility (the "Borrowers"). The Original Facility is secured by a pledge over all of the assets and undertakings of each of the Borrowers and the assets and undertakings of certain of the Borrowers' subsidiaries and the shares in certain of those subsidiaries. Obligations under the Original Facility rank in priority to debts owed to members of the Group. Utilisations under the Original Facility bear interest at a rate per annum equal to EURIBOR or STIBOR (as appropriate) plus a margin of 1.20 per cent. and any mandatory costs.

As investment opportunities are identified, the Company generally needs to raise further financing to fund such acquisitions and expects that it and/or a subsidiary which is the borrower under the relevant loan would need to provide security in the form of a mortgage over the relevant property, a pledge over the shares of the relevant borrower and/or other similar arrangements.

The Company employs leverage through debt financing to enhance returns on equity. There is no borrowing or leverage limit contained in the Company's Articles. Although the extent of such leverage varies on a property-by-property basis, the intention of the Directors is that the overall level of leverage for the Group will be in the region of 70 per cent. Loan to Value, with higher leverage in the Nordic countries and lower leverage in Russia, as appropriate, taking into account total risk and dividend policy. Wherever possible, the Directors seek financing on a non-recourse, asset-by-asset basis although the borrowing policy will be adapted to suit the prevailing market conditions at the time.

10. TAX EFFICIENCY

The Directors believe that the Group's structure offers investors an opportunity to invest indirectly in the Nordic, Baltic and Russian real estate markets in a tax efficient manner. The Company does not expect the acquisition of the Baltic Russian Portfolio will have a material impact on its effective cash tax rate.

In future acquisitions, the Directors will seek to minimise the income subject to local taxation through efficient acquisition structuring and will aim to keep the long-term effective cash tax rate of the Group below 10 per cent., although this may vary depending on the investment opportunities which are identified.

This document is not intended to provide specific tax advice in relation to an individual Shareholder's tax position. For further information on tax considerations see Part VIII of this document.

11. DIVIDEND POLICY

On 19 October 2007 the Company paid an interim dividend of €0.039 per Share in respect of the period from incorporation and ending 30 June 2007.

The Company is targeting the payment of dividends (when taken together with interest on the Convertible Loan Notes) representing in aggregate approximately 90 per cent. of Adjusted FFO. The Company anticipates that these dividends, which it expects to pay semi-annually, will be funded by cash generated from its operations. There can be no guarantee as to the amount of any dividend payable by the Company going forward. Dividends are declared and paid in Euros but Shareholders may elect to receive dividends in pounds sterling at the prevailing exchange rate at the time of payment.

12. ADMISSION TO EURONEXT

In its AIM admission document published on 10 November 2006, the Board indicated that it would keep the Company's listing under review and would consider moving its listing from AIM to Euronext or the Official List of the UK Financial Services Authority as the Company grew. Since then, the Directors have continued to review the appropriateness of the Company's listing venue and on 20 September 2007, the Company announced that it proposed to seek admission of the Shares to trading on Euronext Amsterdam and listing of the Shares on Eurolist by Euronext Amsterdam.

The Directors consider that a listing on Euronext Amsterdam reflects the Company's investment focus in mainland Europe and Russia, its size and the denomination of both its reporting currency and share price in Euros. The Directors also believe that the new listing will assist in broadening the shareholder base of the Company and enhancing the liquidity of the Company's shares. While the Shares are listed on both AIM and Euronext Amsterdam, they will be fungible between the two markets. The Directors intend to review the need for the Company to maintain its listing on AIM in early 2008 and will communicate any changes in due course thereafter.

In order to trade Shares on Euronext Amsterdam, an investor must hold its Shares through an Admitted Institution of Euroclear Nederland. Investors who wish to trade their Shares on Euronext Amsterdam must have or must open an account directly or by way of an intermediary with an Admitted Institution and then elect to transfer their Shares to the CREST account of Euroclear Nederland.

It is currently expected that admission of the Shares to trading on Euronext Amsterdam will take place on 18 December 2007.

13. FURTHER INFORMATION

Investors' attention is drawn to the further information set out in Parts II to XI of this document.

Group Structure

The Company is the ultimate holding company of the Group. The Company uses various tax efficient structures to make investments in properties. The exact nature of the structure will vary from country to country and transaction to transaction, most frequently as a result of tax and real estate laws in the country in which the property is located. However, to date the Company has acquired the shares of real estate owning companies rather than the underlying real estate assets alone. Each individual property asset is therefore held in an investment vehicle which is owned by the Company. Given the nature of the real estate assets in which the Company invests no third party custodian or other similar entity is involved in holding the assets.

Accounting and Valuation Policy

The Company's financial statements are prepared in accordance with IFRS. A summary of the Company's net asset value will be disclosed to Shareholders with the announcement of the Company's interim and annual results. The net asset value of the Shares will be determined in accordance with IFRS accounting policies. The Company's assets and liabilities will be valued in accordance with IFRS accounting policies.

The Directors may, at their discretion, also publish in the announcement of the interim and annual results, in addition to the IFRS net asset value described above, an adjusted net asset value that represents the balance sheet net assets plus the surplus on trading properties, excluding fair value adjustments for debt and related derivatives, deferred taxation on revaluations and capital allowances and the effect of those Shares potentially issuable under employee share schemes.

The Group's real estate portfolio is valued on a semi-annual basis as part of this process. Such valuations are undertaken by an internationally recognised valuation firm in accordance with the standards compiled in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual and International Valuation Standards as published by the International Valuation Standards Committee through IVSC International Valuation Application. In assessing the value of the properties, valuers generally assess what they believe to be the key drivers of the valuation, including the location of the individual assets, the use and quality of the building, the occupational tenant and the terms of the lease and in particular, the length of the unexpired term and finally, the relationship between the contracted rent and the market rent. On the basis of these criteria, each property is then also considered on the basis of an initial yield. These criteria are then used to estimate the "market value" of the property at the valuation date.

Insurance

The Company arranges insurance for its real estate assets on an asset-by-asset basis on terms considered by the Company to be appropriate and having due regard to the availability of cover. In addition, each of the Company and LR REAM has obtained directors' and officers' insurance policies.

Administration, Secretarial and Registrar Arrangements

Sanne Trust Company Limited has been appointed as administrator and company secretary pursuant to the Administration Agreement. The Administrator is responsible for the general secretarial function required by Jersey law. The Administrator is also responsible for the Company's general administrative functions and the maintenance of accounting records.

The Company utilises the services of Capita Registrars (Jersey) Limited as registrar in relation to the transfer and settlement of shares held in uncertificated form and as transfer agent.

A summary of the fees payable to the Administrator and of the terms and conditions of its engagement are set out in paragraph 8.6 of Part X of this document.

Annual Expenses

The principal annual expenses of the Group are the fees payable to the Manager (including the Performance Fee, if applicable), the Administrator, the property valuers and the Directors. The Group also incurs regulatory fees, legal fees, rent review and lease renewal fees, letting fees, maintenance and repair costs, utilities, property tax, insurance costs, audit fees, listing fees, PR fees and other expenses.

Risk Factors

Your attention is drawn to the section entitled "Risk Factors" beginning on page 6 of this document

PART II

GROUP STRUCTURE, DIRECTORS AND CORPORATE RESPONSIBILITIES

1. GROUP STRUCTURE

The Company is the ultimate holding company of the Group and was incorporated in Jersey on 23 October 2006. The Group invests primarily in commercial and hotel real estate assets in the Nordic and Baltic Regions and Russia, which meet its investment objectives and policies, through subsidiaries of the Company.

2. DIRECTORS

The Directors are responsible for the determination of the Company's investment objective and strategy and have overall responsibility for the Group's activities, including its interaction with the Manager. Brief biographical details of the Directors, all of whom are non-executive, are as follows:

Jens Engwall, Chairman (aged 51) Mr. Engwall is the former Chief Executive of the Swedish property investment company, Kungsleden. Mr. Engwall was an employee of Kungsleden from 1993 to 2007, prior to which he was the Chief Executive of CA Fastigheter AB. His other current Board positions include FastPartner AB and Vasallen AB. Mr. Engwall was also a board member of JM AB between 2002 and 2005.

Michael Hirst OBE (aged 64) Mr. Hirst is a consultant with CB Richard Ellis Hotels, a leading hotel real estate advisory firm. He has extensive experience in the hospitality and leisure industry sector and has previously been on the board of Doyle Hotels, the Irish hotel group, and Ladbroke Group Plc. From 1990 to 1994 he was Chairman and Chief Executive Officer of Hilton International. He is a director of the U.K. Tourist Alliance, Chairman of the Business Tourism Partnership in the U.K. and a Fellow of the Hotel and Catering International Management Association.

Ian Livingstone (aged 45) Mr. Livingstone has been joint Managing Director of London & Regional Group since 1993 and has been instrumental in the growth and success of the business. He has over 16 years of real estate experience and in addition he founded and is Chairman of the Optika Clulow Group which has a chain of opticians throughout the U.K.

Christopher Lovell (aged 55) Mr. Lovell qualified as a solicitor of the Supreme Court of England and Wales in 1979. He was a partner at Theodore Goddard until 1993 when he set up his own legal firm. In 2000, he became a partner in Channel House Trustees Limited, which was acquired by Capita Group plc in 2005. He is currently a director of Capita Trustees Limited and its associated companies and sits on the board of Canlife Jersey Property Unit Trust and a number of other funds, including Dawnay Day Treveria plc, EMAC Illyrium Land Fund Limited and Yatra Capital Limited.

Kari Österlund (aged 62) Mr. Österlund is currently Chairman of Holiday Club in Finland and a senior adviser to CapMan. Previously, Mr. Österlund served as Managing Director of Oy Star Tour Fritidsresor Ab. He also owned and managed Hassen Matkat Oy and Rantasipi Oy. From 1975 to 1984, Mr. Österlund worked as Deputy Managing Director for the Industrialisation Fund of Finland Ltd. He is a board member of various employers' federations and companies in Finland.

Martin Sabey (aged 63) Mr. Sabey is currently a director of a number of companies in the structured finance, venture capital and investment fields, having previously spent 20 years as a partner of Ernst & Young, Jersey. He is a Fellow of the Institute of Chartered Accountants and has previously held the position of President of the Jersey Society of Chartered & Certified Accountants.

All Directors, other than Ian Livingstone and Kari Österlund, are independent of London & Regional Group.

The Chairman receives an annual fee of €150,000, each of Michael Hirst OBE and Kari Österlund receive an annual fee of €60,000, and Christopher Lovell and Martin Sabey receive an annual fee of €30,000, in each case payable quarterly in equal instalments in arrears. In addition to these fees, the Company reimburses all reasonable travel and other incidental expenses incurred by the Directors in the performance of their duties.

Details of the terms of their appointment are set out in paragraph 6.10 of Part X of this document.

In November 2006, the Company entered into option agreements with Jens Engwall, Michael Hirst OBE and Kari Österlund granting them options over Shares. The options granted to these non-executives under the option agreements are in addition to their fees for acting as non-executive Directors of the Company.

Details of the Option Agreements are set out in paragraph 7 of Part X of this document.

3. THE MANAGER

London & Regional Group incorporated LR REAM in 2006, which provides property management and investment services to the Company. LR REAM is not regulated in Sweden. The registered office of LR REAM is Kungsgatan 48, 111 35 Stockholm, Sweden, with telephone number + 46 8456 3250. Further information in relation to LR REAM is set out in Part I of this document.

4. POTENTIAL CONFLICTS OF INTEREST

London & Regional Group has agreed that, for so long as LR REAM is retained as the Manager, in the event that it or any of its Affiliates encounters a property-related opportunity in the Nordic or Baltic Regions or Baltic Russia within the Company's criteria for investment, it will not pursue such opportunity without first referring such opportunity to LR REAM for consideration on behalf of the Company. In the event that LR REAM or the Company decides not to pursue such an opportunity, London & Regional Group shall, if it has expressed such an intention to do so at the time of referral of an opportunity to LR REAM, be entitled to pursue that opportunity itself, subject to certain exceptions and provided that if, prior to its completion of the transaction, there has been a material reduction in the price to be paid, before it may complete, the opportunity shall be referred back to the Company for further consideration by the Company for investment. For the avoidance of doubt, this procedure shall not apply to opportunities regarding Development Assets which London & Regional Group is free to pursue in the Nordic and Baltic Regions and Baltic Russia without any requirement to make any referral to the Company.

5. CORPORATE GOVERNANCE

The Directors recognise the value of the Combined Code and take appropriate measures to ensure that the Company complies to the extent they consider appropriate given the Company's size and nature of business, with the Combined Code.

In accordance with the Combined Code, the Board has established an audit committee, with formally delegated duties and responsibilities within written terms of reference. The audit committee is chaired by Jens Engwall, and its other members are Christopher Lovell and Martin Sabey. A majority of independent Directors serve on the committee and members of the committee have no links with the Company's external auditors and are independent of the Manager. The audit committee meets not less than twice a year and meets the external auditors at least once a year.

The Company has not established remuneration and nomination committees as such committees are not viewed as appropriate given the nature of the Company's operations. The Board reviews annually the remuneration of the Directors and agrees the level of non-executive fees. Consideration will be given by the Board to future succession plans for Board members as well as consideration as to whether the Board has the skills required to effectively manage the Company. The Company takes all reasonable steps to ensure compliance by the Directors and any employees with the provisions of the AIM Rules relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

6. TAKEOVERS

Dutch takeover regulations

Following Euronext Admission, Dutch takeover regulations, which have been laid down in Chapter 5.5 of the WFT and the regulations promulgated thereunder, will apply to the Company. Under these rules, an offer document must be published when launching a public offer for the Shares following the admission to listing. These public offer rules are intended to ensure that in the event of such a public offer, sufficient information will be made available to the shareholders, that the shareholders will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

Jersey Companies Law Provisions

Under the Companies Law, an offeror in respect of a takeover offer for the Company may, in certain circumstances, obtain the right compulsorily to acquire shares to which the offer relates but which it has not yet acquired or contracted to acquire. The offeror may not issue a notice requiring the acquisition of minority shares unless it has acquired or contracted to acquire not less than nine-tenths in value of the shares to which the offer

relates before the end of four months beginning with the date of the offer and no notice may be given after the end of the period of two months beginning with that date. The squeeze out of minority shareholders can be completed at the end of six weeks from the date of the notice requiring the squeeze out. The consideration offered to those shareholders whose shares are compulsorily acquired under the Companies Law must, in general, be the same as the consideration that was available under the general offer.

The Companies Law gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If, at any time before the end of the period within which the offer can be accepted, the offeror has acquired or contracted to acquire not less than nine-tenths in value of all shares in the Company, any holder of shares to which the offer relates who has not accepted the offer can, by a written communication to the offeror, require it to acquire that holder's shares.

The offeror is required to give each shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. TAXATION

The Company has been granted exempt company status in Jersey under Article 123(A) of the Income Tax (Jersey) Law 1961 (as amended). This has the effect of exempting profits from Jersey income tax and also means that no withholding tax is applied to the payment of dividends made to non-residents. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption.

PART III

MARKET OVERVIEW

Sweden

The Swedish economy has performed extremely well over the last years. Leading forecasting institutions expect Sweden to have delivered 2.9 per cent. GDP growth in 2006 and continue to deliver in 2007 with a forecasted 3.7 per cent. real GDP expansion. In 2008, the economy is expected to start slowing down in the wake of international slower growth and a considerably higher repo-rate.

Key Economic Indicators

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007(F)</u>	<u>2008(F)</u>
Real GDP growth (%)	3.3	2.7	2.9	3.7	3.1
CPI Inflation (%)	0.4	0.4	0.9	2.1	2.3
Unemployment rate (%)	6.3	7.8	4.7	3.6	3.3
10 yr gov bond yield (% , year-end)	3.4	3.4	3.8	4.3	4.5
Exchange rates (SEK per Euro, year-end)	9.01	9.39	9.39	9.38	9.01*

Source: DTZ, Consensus Economics, European Commission *end September 2007

(a) Office

In 2006 and the first half of 2007, rents have seen a small increase, which is in line with improving demand, sustained by high corporate profitability, greater business confidence and generally wider optimism in the market.

Stockholm

Depending on size, condition and specification, achievable rents for office space in central parts of the city currently vary between SEK 3,000 to SEK 4,200 (€320-€470) per sqm per annum for prime locations. Single leases have been signed at levels up to SEK 4,700 (€500) per sqm per annum.

For most of 2004 and 2005, the vacancy level remained at almost 13 per cent., with a marginal improvement at the end of 2005 to 12.7 per cent. In 2006 and the first half of 2007, the vacancy level started to drop. Availability in Stockholm in July 2007 was about 12 per cent. for the total office market, while the CBD area currently stands at about 8 per cent. Current office yields are in the range of 4.25-4.75 per cent. for prime, higher quality office space and between 5.25-6.5 per cent. for secondary, lower quality office space.

Västerås

Following a number of years with a volatile market, demand for office accommodation has now stabilised in Västerås. Historical volatility is mainly due to a large tenant, which previously occupied 15-20 per cent. of the local market, reducing the amount of space occupied. Now that this company has completed the process of reorganising their space, the market is generally more stable. For prime office space, vacancy rates have stabilised at around 6.0-8.0 per cent. over the last few years.

Prime rents for modern premises range from SEK 1,000 to SEK 1,300 per sqm (€109-€141). The rents have been stable at these levels for the last few years, but have now started to increase. Current office yields are in the range of 6.0 per cent. for prime, higher quality office space and between 7.0-7.5 per cent. for secondary, lower quality office space. Yields are expected to remain stable or maybe increase in secondary locations during 2008.

(b) Industrial/Warehouse

Within the industrial market, the logistics sector is attracting the most investor interest, with a focus on newly-built properties in good locations and long-term lease agreements. Despite considerable demand from investors, supply is very limited and the absence of speculative construction means that vacancy levels remain close to zero in modern buildings, whilst older buildings see vacancy rates between 5-10 per cent.

Prime industrial rents in Stockholm have remained stable at SEK 600 to SEK 1,000 per sqm per annum (€65-€114). Prime rents have also remained stable in Gothenburg and Malmö at SEK 500-750 per sqm per annum (€54-€82).

Industrial yields fell from 7.75 per cent. at the end of 2004 to 6.50 per cent. at the end of 2006 and are forecasted at 6.25 per cent. for 2007 and 2008. Yields are expected to remain stable thereafter.

(c) Hotel market

The improvement in the Swedish hotel market that was first noted in 2004 has continued through 2007. Occupancy levels have increased in the major markets, Stockholm, Gothenburg and Malmö.

A total of 16.7 million guest nights (rooms) were sold in Sweden in 2006, an increase of 5.5 per cent. compared with 2005. The occupancy rate was 49.2 per cent., which is the highest rate in the last 25 years. The improvement continued in the first half of 2007, in which a preliminary 8.1 million rooms were sold in Sweden. This is 4.5 per cent. more rooms than in the first half of 2006. So far, the most substantial improvement in 2007 is seen outside Stockholm, which had an increase below the national average. Compared with the same period last year, Stockholm had an increase in sold rooms of 3.4 per cent. This indicates that Stockholm is closer to maximum capacity than the rest of Sweden.

The significant increase in demand seen in the last three years combined with the relatively small increase in supply, has put upward pressure on the room rates. The average room rates in 2006 were SEK 827 (€89), an improvement of about 4 per cent. from 2005. In the first half of 2007 the average room rate increased further and now stands at SEK 879 (€95), an improvement of 5.5 per cent. from the first half of 2006. Stockholm and Malmö have experienced the highest growth in average room rates in the first half of 2007 with 6.7 per cent. and 7.7 per cent. respectively.

Because the two factors, occupancy rates and ARR, which determine financial performance have improved, the RevPAR has increased substantially in the last two years. On the national level the market experienced an 8 per cent. increase in RevPAR from 2005 to 2006. On a regional level, Stockholm, Gothenburg and Malmö have all seen in an improving trend during the last two years, with occupancy rates well above the national average. ARR has also been increasing and hence RevPAR has developed favourably. In Stockholm, RevPAR increased an estimated 10 per cent. from the 2004 level to about SEK 570 (€61) in 2006. In Malmö, the improvement reached 7 per cent., while in Gothenburg there has been a vigorous 18 per cent. improvement.

Finland

The Finnish economy continued its impressive growth in 2006 with GDP growth for the year reaching 5.5 per cent. Growth forecasts for the year 2007 have recently been revised upwards and the GDP growth for the year 2007 is expected to be above the Euro zone average at approximately 4.3 per cent. GDP growth is largely driven by strong domestic demand and robust export growth. Consumer confidence and business confidence about future growth are at a high level.

Key Economic Indicators

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (F)</u>	<u>2008 (F)</u>
Real GDP growth (%)	3.3	3.0	5.5	4.3	3.2
CPI Inflation (%)	0.2	0.9	1.6	2.4	2.4
Unemployment rate (%)	8.8	8.4	7.7	6.9	6.5
10 yr gov bond yield (% , year-end)	3.5	3.4	3.8	4.5	4.7

Source: DTZ, European Commission

(a) Hotel market

The Finnish hotel market is small compared to other European markets. In Finland there are around 680 hotels, with a total of approximately 47,000 rooms. The leading hotel operators, Sokotel Oy, Restel Oy and Scandic, account for some 40 per cent. of all hotel rooms and 60-70 per cent. of the rooms in the largest cities.

The number of guest night stays in Finnish hotels increased by 5.7 per cent. from 2005 to 2006 to a total of some 14.5 million guest night stays in 2006. The majority of guest night stays were attributable to Finnish residents, 71 per cent., while foreign visitors represented 29 per cent. of the guest night stays. Overnight stays by domestic residents increased by 3.3 per cent. while the increase in the amount of guest night stays by foreign residents saw a substantially larger increase of 12.0 per cent. The largest group of foreign tourists was from Russia driven by the strong growth of the Russian economy and an increase in disposable income.

The rising occupancy level has encouraged new hotel construction, most of which is taking place in the Helsinki area. Although room supply has increased in the Helsinki market, the new hotels have achieved good occupancy rates of between 60-80 per cent. The first six months of 2007 have shown an increase in the occupancy rates but the impact of the new hotels is likely to be felt more fully during the second half of 2007 and in 2008.

Helsinki is the largest hotel market in Finland. In 2006 there were approximately 45 hotels in Helsinki and the current amount stands at 46. The total room capacity of Helsinki is approximately 7,560 rooms.

Hotel market performance in Helsinki in 2006 was relatively stable compared to the previous year. The occupancy rate increased from 66.9 per cent. in 2005 to 69.0 per cent. in 2006, but the average room rate increased only slightly by €1.15 to €104.4. The occupancy rates in Espoo and Vantaa in 2006 were 56.7 per cent. and 62.1 per cent. respectively. The amount of guest night stays has been increasing during the last two years and during 2006 Helsinki recorded 2.55 million guest night stays, 8.0 per cent. more than in 2005.

Average price and occupancy rates of individual hotels vary according to location, quality and operator. In 2006 the most expensive hotels in Helsinki had an average room rate of €135.3, up 1.6 per cent. from the year before. During the same time the occupancy rate for the most expensive hotels in Helsinki was below the city average at 67.4 per cent., although the occupancy rate was 2.6 per cent. higher than the year before.

In 2006 the average RevPAR for the year was approximately 7.7 per cent. higher than for 2005, and based on the first half of 2007 the RevPAR is set to increase further this year. Both factors that determine financial performance, occupancy rates and ARR, have developed favourably over the last two years.

The occupancy rate has improved to a ten year high at 51.4 per cent. in 2006 from 47.6 per cent. in 2004. Low supply and high demand resulted in increasing prices. ARR increased 2.8 per cent. in 2005 and an estimated 2.7 per cent. in 2006 to slightly below €82 per occupied room. The ARR was even higher for the first six months of 2007 at €86. Based on the first six months of 2007, we expect the market to perform well for the rest of the year.

The yield for prime hotels in Helsinki is currently 5.00-5.50 per cent. while the yield for good centrally located hotels in other large cities is approximately 0.50-1.00 per cent. higher.

Baltic Region and Baltic Russia

The Baltic economies have shown impressive economic growth in the last year, with the three states achieving GDP growth of between 6.8 per cent. and 9.1 per cent. This positive trend is expected to continue in 2007. Since the accession to the EU, economic indicators have improved through rising consumer spending and real export growth.

The Russian economy has been expanding very strongly for the last six years and 2006 witnessed GDP growth of 6.0 per cent. Growth has been buoyed by robust household consumption and investment spending. Household spending has averaged around 10 per cent. in the last four years. Inflation is high, partly as a consequence of burgeoning domestic demand and booming exports. Negative real interest rates and robust wage growth, particularly in the public sector, continue to fuel household spending growth and this trend is expected to continue, bolstering growth over the forecast period.

Key Economic Indicators

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (F)</u>
Real GDP growth	7.3	7.2	6.4	6.0	5.5
CPI Inflation	13.7	10.9	12.7	10.0	9.5
Unemployment rate	8.6	8.2	7.6	6.8	6.7
Lending rate (av.%)	13.0	10.8	11.4	10.0	9.0
Exchange rates (RUB, per dollar, year-end)	29.5	27.7	28.8	28.1	28.5

(a) The Baltic Region

The markets described below focus on the three capital cities of the Baltic Region (Tallinn, Riga and Vilnius), where it is believed that investment opportunities are concentrated.

Office

In 2005 and 2006, demand for office space in Latvia was strong, driven primarily by international companies which form a substantial part of the group of enterprises looking for space.

In all three capitals, the vacancy levels have been very low despite the increase in supply. In Vilnius, despite prime new supply being around 25 per cent. of the total prime office stock, the availability ratio is still below 5 per cent. After a fall in rental levels in the city between 1998 and 2004, the low vacancy rate has led to rental stability.

Rents for prime offices in prime locations in Riga are between €17-€21 per sq m per month. For similar locations in Tallinn rents are between €13.5-€17 per sq m per month and in Vilnius between €13-€16 per sq m per month.

Yields have decreased over the past eight years as the markets have started to mature and investor interest has increased. Office yields for Tallinn and Vilnius for 2006 and particularly for 2007 have compressed to approximately 6.5 per cent., and in Riga are approximately 8.00 per cent.

Nordic property buyers and pension funds are the main buyers in the market, but Western European investors are increasingly starting to search for opportunities to invest in the Baltic economies. The Directors believe that office yields in the three cities will continue to fall in the next couple of years, although at a lower rate than in the previous years due to sustained demand from investors.

Industrial/Warehouse

In Estonia, the industrial market is developing quickly, but still offers potential for investors, as it is far from mature. Across the Baltic Region and in particular in Tallinn, Riga and Klaipėda there is rapid economic development. All three countries have tried to create an investor-friendly economic environment and strong economic growth has been the result. All three locations have strong demand for prime logistics space, with road transport of goods rising rapidly.

The Directors believe that there should be development opportunities in all three states. Tallinn port in Estonia, the largest in the Baltic, is already investing in infrastructure improvements in preparation for the growing sea trade coming from the E.U.'s 'Motorways of the Sea' initiative and increased imports from China into Europe.

Hotel

Occupancy in Tallinn hotels increased by 2 per cent. between 2005 and 2006 and market wide RevPAR increased by 4 per cent. Tallinn is becoming a strong leisure destination, with leisure demand fuelled by the introduction of Easyjet flights to the city. Occupancy levels are now close to 80 per cent. in the central parts of Tallinn. The Riga hotel market has experienced a strong increase in demand over the last three years. This is partly a result of Easyjet and Ryanair flying into Riga airport, and thereby driving demand for hotel rooms. The Vilnius hotel market has experienced a similar increase in overnight stays at hotels as the other Baltic cities. The occupancy increased to 52 per cent. in 2006, an increase of over 5 per cent. from 2005 figures. Vilnius has the largest variety of three, four and five star hotels. Similar to Riga and Tallinn, the Vilnius hotel market experienced strong growth between 2003 and the end of 2006.

(b) Baltic Russia — St Petersburg

The Russian economy continues to improve with GDP growth of 6.0 per cent. in 2006. Growth has been driven by robust household consumption and investment spending. Inflation is high, partly as a consequence of burgeoning domestic demand and booming exports. As the economy in Russia and St Petersburg continues to improve, it is expected that foreign investors will increase investment in this region.

Office

In recent years, investors and developers have concentrated on developing prime, high quality business centres to address demand from large Moscow-based state and international companies moving the whole, or portions, of their operations to St. Petersburg.

As a result of increased demand, rental levels have increased significantly, in some cases as much as 7-9 per cent. in 2005, 2006 and the first half of 2007. Top-range office space is typically offered for lease at between

€350-€467 per sqm per annum, with mid-range space renting at between €233-€389 per sqm per annum. Yields are decreasing as the market matures, but are still, on average, 100 bps higher than in Moscow. This is a result of increased demand and the shortage of top class office supply. Yields have decreased to approximately 9-10 per cent. for prime office buildings in St. Petersburg.

Industrial/Warehouse

There is strong demand for good quality warehouses in the St. Petersburg industrial market. However, the supply has historically been limited. As a consequence, the amount of newly built Class A complexes increased by 46,000 sqm during 2005. The main hub of activity lies south of the city in an area called Shushary.

Demand is characterised by tenant type. The international logistic companies and distributors favour floor spaces over 9,000 sqm with the smaller domestic companies opting for tighter space. Rental levels for class A and B warehouses rose by 5-8 per cent. during 2005 and 2006. Currently, the asking rent for high quality warehouse/ industrial space is €117-€156 per sqm per annum. Yields have decreased from 20 per cent. in 2004 to 15 per cent. in 2005, and decreased to approximately 12-14 per cent. in 2006. It is thought that with the increase of newly built high specification units in the pipeline, coupled with possible limited future demand, rental levels will become more subdued in the next couple of years. Occupancy in modern warehouse or logistic buildings has decreased over the last few years due to its location as a port to the Nordics and the Western Europe. Vacancies are approximately 5.0 per cent. within these types of properties.

Hotel

In St Petersburg, occupancy increased to 62 per cent. in 2006 and the RevPAR decreased by 3 per cent. in 2006. The increase in hotel supply was counter-balanced by the growing interest in St Petersburg as a tourist destination. The city has attracted international luxury and mid-scale operators, demonstrated by the 2005 openings of the 197-room Kempinski hotel Moika 22 and a 233-room Novotel.

PART IV

OPERATING AND FINANCIAL REVIEW

The following review should be read in conjunction with the financial information and related notes thereto that appear in Part V of this prospectus. In addition to historical information, the following review includes forward-looking statements that involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The actual investment performance, results of operations and financial condition of the Group may differ materially from those anticipated by the forward-looking statements as a result of many factors including, but not limited to, those described in the section entitled “Risk Factors” of this document.

As the Company was incorporated on 23 October 2006, the following review is in respect of the period from 23 October 2006 through 30 June 2007 and as at the end of that period, and comparative figures for prior periods are not available. The financial statements of the Group incorporate the financial statements of the Company and its subsidiaries, being those companies which the Company controls. Profit or loss arising on subsidiaries acquired or disposed of during the period are included in the consolidated results from the effective date of acquisition or up to the effective date of disposal, as appropriate. The Company’s first full financial year will be in respect of a period slightly over 14 months and will cover the period from 23 October 2006 until 31 December 2007. Thereafter, the Company intends to report its annual results on a calendar year basis.

OVERVIEW

The Company is a Jersey incorporated investment company which invests in real estate opportunities in the Nordic and Baltic Regions and Russia. It was incorporated on 23 October 2006 and was admitted to the AIM market of the London Stock Exchange on 15 November 2006, raising net proceeds of €162 million. The Company’s strategy is to focus on real estate investment opportunities, either through single asset acquisitions or through portfolio acquisitions, which provide the potential for recurring stable cash flows and value growth.

At the time of its admission to the AIM market, the Group acquired a diverse portfolio from the London & Regional Group comprising 84 properties with approximately 1.8 million square metres of floor area, located in the Nordic Region and Lithuania, for an aggregate consideration of €1.9 billion. Subsequently on 1 March 2007, the Group acquired two additional portfolios from the London & Regional Group, and a further additional property from a third party for an aggregate consideration of €136 million. The first portfolio, consisting of 15 industrial and logistics properties with a total lettable area of 240,000 square metres, was acquired for €84 million. The second portfolio, consisting of four hotel properties in Finland with a total lettable area of 28,000 square metres, was acquired for €47 million. In addition, during the period from 23 October 2006 through 30 June 2007 the Group acquired a logistics property in Sweden for €6 million. Since the acquisition of its initial portfolio, the Group has disposed of 11 properties for €221 million. As a result, the Group’s portfolio as at 30 June 2007, comprised 93 properties which DTZ valued at a total portfolio fair value of €1,877 million. In addition, since 30 June 2007 the Company has completed the acquisition of two properties, in Kaliningrad and Murmansk, for an aggregate consideration of €87 million. These properties are part of a portfolio of properties in Baltic Russia which, on 30 May 2007, the Company announced it was intending to buy. The Company expects to acquire the remaining four properties in the portfolio in early 2008. Since 30 June 2007, the Company has also announced an agreement in principle to dispose of a portfolio of 14 Swedish properties. This transaction completed on 13 December 2007. The Company has also announced the disposal of an additional Swedish property in a separate transaction. The purchase price, net of transaction costs, from both transactions is approximately €363 million. These proceeds will be used to partially fund together with existing resources, the completion of the four Russian acquisitions. Since its original listing on AIM, the Company has expanded its geographic scope to include the whole of Russia. To date, the Group has acquired the shares of real estate owning companies rather than the underlying real estate assets alone.

The Group generates rental income and capital gains from managing and leasing its portfolio of real estate assets, which during the period can be broken down into four main categories: office, industrial, logistics and hotels. The Group’s portfolio is divided among three main geographic segments, which the Group uses for its management and operational purposes as well as for its internal reporting structure, Sweden, Finland and Other (which includes Russia and the Baltic Region, as well as Denmark, Poland and Germany). There were no inter-segment revenues or expenses during the period presented.

NON-GAAP FINANCIAL MEASURES

This document uses certain measures such as economic occupancy rate, average lease length and net yield that are not calculated in accordance with IFRS and should not be considered a substitute for net income, cash flows from operating or investment activities or other income statement data as determined in accordance with IFRS, or as a measure of profitability. These measures are used to review the current state and performance of the Group's portfolio.

Economic occupancy rate is calculated as the percentage that the anticipated gross rental income for the portfolio in the following quarter forms of the estimated gross rental income for the portfolio on a fully let basis, on any given date. The Company's board considers this a useful measure to evaluate the performance of letting activities and the Group's rental growth potential for vacant areas.

Average lease length is the aggregated weighted lease length for each property, being the length of lease multiplied by the gross rental income per annum, divided by total gross rental income of the portfolio. The Company's board considers this a useful measure to evaluate the predictability of rental income.

Net yield is calculated as the total net rental income as a percentage of the total property market value. The Company's board considers this a useful measure of the income generation of an asset in relation to its value.

RESULTS OF OPERATIONS FOR PERIOD ENDING 30 JUNE 2007

Overview

The following table shows the Group's results for the period:

	23 October 2006 - 30 June 2007
	€ millions
Gross rental income	95.1
Property operating expenses	<u>(21.1)</u>
Net rental income	<u>74.0</u>
Valuation gains on investment properties	55.1
Profit on disposal of investment properties	<u>27.7</u>
Net gains on investment properties	<u>82.8</u>
Administrative expenses	(12.4)
Impairment of goodwill	<u>(36.8)</u>
Operating profit	<u>107.6</u>
Finance income	4.3
Finance expenses	(63.7)
Net changes in fair value of derivatives	<u>65.7</u>
Net finance income	<u>6.3</u>
Profit before tax	<u>113.9</u>
Current income tax credit	1.5
Deferred income tax expense	<u>(24.9)</u>
Profit for the period	<u><u>90.5</u></u>

For the period 23 October 2006 to 30 June 2007, the Group generated rental income, and gains on investment properties (both realised and unrealised), as well as an amount of finance income. The Group's principal expenses are:

- finance expenses, mainly comprising interest on its indebtedness;
- property operating expenses, including utilities, insurance, planned maintenance costs, tenant improvements, property related tax;
- the asset management fee payable to the Manager; and
- administrative expenses, including the Performance fee, auditing fees, Board members' fees and fees payable to other external advisor fees such as legal and property valuers.

Goodwill represents primarily the portfolio premium on the properties calculated as at AIM Admission and the value to sell the acquired investment property portfolio tax-free. The impairment of goodwill represents €18.7 million relating directly to properties acquired through acquisition of the initial property portfolio, being subsequently disposed during the period and €18.1 million relating primarily to the negative value of derivatives at the acquisition of the initial property portfolio.

As at 30 June 2007, economic occupancy of the portfolio was 96 per cent. (94 per cent. as of 31 December 2006). This increase was mainly due to changes in the property portfolio composition during the period, as properties were acquired with higher occupancy rates than the properties sold during the period, but successful leasing also contributed positively.

The total net yield for the first six months of 2007 for properties held as at 30 June 2007 was 6.3 per cent. This number excludes properties disposed of during the period and those acquired during the period are treated as if held for the entire six month period.

Certain Factors Affecting Results Of The Business

Macroeconomic factors

Almost all of the Group's properties were located in Sweden and Finland. As a result, Nordic macroeconomic trends and country specific factors influence performance

Underlying strong economic growth in the Group's home markets is beneficial for long-term rental and value growth. Since almost all of the Group's lease contracts are linked to an inflation index, higher inflation would translate into higher rental income. Increasing interest rates have a limited effect on the Company's current financings due to in-place interest rate hedging for the vast majority of the loans. However, changes in real interest rates affect yield requirements of investors and thereby property values

Competition

Although competition is still high in its current core markets for real estate assets, the Group sees good opportunities to grow its portfolio of stable income producing properties.

Seasonality

Some property operating expenses, mainly heating and electricity, are affected by the weather, resulting in higher expenses in the winter time. Maintenance and tenant improvements are also unpredictable and may be unevenly spread over the year as a result of tenant demands.

Revenues

Rental Income

The Group's principal source of revenue is rental income from the properties within its portfolio. For the period ended 30 June 2007, gross rental income was €95.1 million and net rental income was €74.0.

As stated above, the Group's portfolio is divided among three main geographic segments: Sweden (49 properties; 57 per cent. of the Group's total property portfolio by value); Finland (38 properties; 39 per cent. of the Group's total property portfolio by value); and other countries (eight properties; 4 per cent. of the Group's total property portfolio by value) including Russia and the Baltic Region as well as Denmark, Germany and Poland. The tables below show gross rental income and net rental income by geographic segment, and as a percentage of total gross and net rental income, during the period ended 30 June 2007:

Gross Rental Income

	<u>€ million</u>	<u>%</u>
Sweden	55.4	59
Finland	36.5	38
Other	3.2	3
Total	95.1	100

Net Rental Income

	<u>€ million</u>	<u>%</u>
Sweden	40.3	54
Finland	31.1	42
Other	2.6	4
Total	74.0	100

Finland represents a higher proportion of net rental income due to the fact that the majority of the properties held there are hotels which are leased on a triple net basis, meaning the lessee is responsible both for rent and for fixed and operating costs. Properties in other locations are more actively managed and therefore incur higher operating costs.

Gains on Investment Properties

The Group also realises profits on the disposal of investment properties and has unrealised valuation gains on properties within its portfolio. During the period, the Group disposed of 11 properties for a total of €221.0 million, producing gains of €27.7 million before the effects of goodwill and tax. Unrealised valuation gains on retained properties amounted to approximately €55.1 million.

Finance income

The Group received an additional €4.3 million of finance income during the period, primarily made up of interest payments in relation to cash held by the Group.

Net changes in fair value of derivatives

The derivative gains of €65.7 millions is due to favourable market movements in the EUR and SEK interest rates and the SEK/EUR exchange rate.

Expenses

Property operating expenses

Property operating expenses during the period amounted to €21.1 million. The most significant single expense was the cost of utilities being €6.9 million, followed by caretaking/insurance costs of €5.1 million, the Management Fee of €4.5 million and property taxes of €3.2 million. The remaining €1.4 million related to planned maintenance, tenant improvements and site leasehold rents.

Administration expenses

Administration expenses amounted to €12.4 million. This included the Manager's Performance Fee of €10.7 million which is a non-cash item that has been accrued to quantify the amount that would be payable as of 30 June 2007, as if the result was as of the end of a fiscal year. The performance fee is driven by the Group's NAV development during the full fiscal year and will only be payable if a total shareholder return in excess of 10 per cent. is reached at the end of the year.

Finance expenses

Finance expenses were €63.7 million during the period, of which €55.9 million were financing costs relating to interest payments, with the remainder mainly currency adjustments resulting from the translation of receivables and liabilities in foreign currencies at the exchange rate at the reporting date.

Income tax expense

Income tax expense during the period was €23.4 million, including a current income tax credit of €1.5 million and deferred tax of €24.9 million which is not payable as it is mitigated by depreciation charges under tax accounting.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Group's principal sources of liquidity have been the cash proceeds of €162 million from its initial public offering in November 2006 and borrowings under certain facility agreements, as well as its net rental income and net profit realised on the disposal of certain of its investment properties.

The Company has four facility agreements, of which the Original Facility accounts for the majority of the outstanding indebtedness. The average interest expense across all four facilities is 5.35 per cent. The Original Facility provides for senior term loan facilities of €1,391,952,572 million and SEK 910,732,439 in aggregate and a €10 million revolving credit facility and was entered into on 31 July 2006 by the Group's principal holding companies. The term loan facilities were to fund the acquisition of the Group's initial portfolio and have been fully drawn down. The revolving credit facility is for the general working capital requirements of the Group.

The following table sets forth the aggregated scheduled maturities of the principal amount of the Group's debt outstanding as at 30 June 2007:

Loan maturity profile

<u>Maturity year</u>	<u>Amount (€m)</u>	<u>%</u>
2011	57	3.6
2012	43	2.7
2013	1,477	93.1
>2014	9	0.6
Total	1,586	100.0

Cash flows

During the period from 23 October 2006 to 30 June 2007, the Group's cash flows were as follows:

	<u>23 October 2006 - 30 June 2007</u>
Cash flow from operating activities	116.2
Cash flow from investing activities	14.0
Cash flow from financing activities	249.2

Net cash flow from operating activities amounted to €116.2 million. Net cash flow from investing activities amounted to €14.0 million, with proceeds from the sale of investment properties of €186.3 million exceeding the aggregate of €135.9 million spent on acquisitions of investment properties, €19.8 million in capital expenditure and €16.6 million unused in the acquisition of subsidiaries (net of acquired cash). Net cash flows from financing activities amounted to €249.2 million, with the IPO proceeds of €162.1 million and new borrowings during the period of €96.1 million exceeding debt repayment of €9 million.

Acquisition and capital expenditures

At 30 June 2007 the Company was contractually committed to €183 million of future expenditure for the purchase, development and enhancement of investment property. The Directors currently expect that the Group's acquisition and capital expenditure for the period ended 31 December 2007 will be approximately €183 million and €50 million respectively. The Group expects to fund this expenditure through cash generated from disposals of assets, operations, additional debt financing or a refinancing of the Group.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET TRANSACTIONS

The Group's principal contractual commitments are in relation to acquisitions, capital expenditure and investment on assets (e.g. tenant improvements, hotel extensions etc) and the amortisation of loans.

Contractual obligations where future payments were fixed and determinable as at 30 June 2007 were as follows:

	<u>Payments due by period (€ mil)</u>				
	<u>Total</u>	<u><1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>>5 years</u>
Long-term Debt Obligations	1,586	0	0	100	1,486
Purchase Obligations	183	178	0	0	5
Total	1,769	178	0	100	1,491

There are currently no contractual obligations where the future payments are not fixed. There are no material off-balance sheet transactions or arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Group has been and will continue to be exposed to credit risk and market risks, including currency risk and interest rate risk. The Directors have adopted a set of policies to manage funding, currency and interest rate risks. Derivative financial instruments are used only to manage the financial risks associated with underlying business activities and their financing and not for speculative purposes.

Currency Risk

The Group has subsidiaries in Sweden, Finland, Lithuania, Germany, Poland and Russia and invests in real estate assets in those countries and, as a consequence, has translational and transactional foreign exchange rate exposure. The Group's principal exposures are to the Swedish kronor and the Danish kroner.

Translational exposure arises when the results and financial position of the Group's subsidiaries reported in local currencies are translated into Euros at applicable exchange rates for the purposes of preparing the Group's consolidated financial statements. The Group currently has a currency swap in place to manage the translational exposure of the loan facilities being in Euros but being drawn down in varying currencies, principally Swedish kronor. To manage translational currency risk on an ongoing basis, the Group will use hedging structures on a case by case basis.

Transactional exposure arises whenever one of the Group's operating subsidiaries enters into a sales or purchase transaction denominated in a currency other than the local reporting currency. To manage transactional currency risk, the Group will use appropriate hedging structures on a case by case basis.

Interest Rate Risk

All of the Group's borrowings are at floating interest rates and, as a consequence, the Group has an interest rate exposure. To manage interest rate risk, the Group has entered into interest rate swaps so that substantially all of the Group's loans are economically hedged until loan maturity.

Credit Risk

The Group is exposed to the credit risk of tenants leasing its properties. To manage credit risk, the Group undertakes various levels of credit assessments at the time of entering into a lease, depending on the length and nature of the tenant, and periodically as part of its portfolio review management.

CRITICAL ACCOUNTING POLICIES

The Group's consolidated financial statements are prepared in accordance with IFRS. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingencies at the date of the Consolidated Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified, as appropriate, in the period in which the circumstances change.

The Group's accounting policies are summarised in the notes to the consolidated financial statements contained in "Part V: Financial Information". The Directors consider the following policies to be the most significant policies that require management to make subjective and complex judgments or to consider matters that are inherently uncertain:

(a) Goodwill

As required by IAS 36, Impairment of Assets, the Group regularly monitors the carrying value of its assets, including goodwill. Impairment reviews compare the carrying values to the present value of future cash flows that are derived from the relevant asset or cash-generating unit. These reviews therefore depend on management estimates and judgements, in particular in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.

(b) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(c) Principal assumptions for management's estimation of fair value of investment properties based on discounted cash flow projections

If information on current or recent prices of assumptions underlying the discounted cash flow approach investment properties are not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date. The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

PART V — FINANCIAL INFORMATION

A: ACCOUNTANTS REPORT ON THE CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD FROM 23 OCTOBER 2006 TO 30 JUNE 2007



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The Directors
Northern European Properties Limited
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17 December 2007

Dear Sirs

Northern European Properties Limited

We report on the financial information set out on pages 57 to 79 prepared for inclusion in the Euronext admission document dated 17 December 2007 (the "Prospectus") of Northern European Properties Limited and its subsidiaries (together "the Group") on the basis of the accounting policies set out on pages 61 to 67. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation/10.3 of Annex III to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

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

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

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus dated 17 December 2007, a true and fair view of the state of affairs of the Group as at the date stated and of its profits, cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

We declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP

Chartered Accountants

London

17 December 2007

B: CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD FROM 23 OCTOBER 2006 TO 30 JUNE 2007

Consolidated Income Statement for the period ended 30 June 2007

	<u>Note</u>	<u>23 October 2006 - 30 June 2007</u>
		<u>In millions of Euro</u>
Gross rental revenue	1	95.1
Property operating expenses	1,2,4	(21.1)
Net rental income	1	74.0
Valuation gains on investment properties	1,12	55.1
Profit on disposal of investment properties	1,5	27.7
Net gains on investment properties	1	82.8
Administrative expenses	1,3	(12.4)
Impairment of goodwill	1,13	(36.8)
Operating profit	1	107.6
Finance income	6	4.3
Finance expenses	7	(63.7)
Net changes in fair value of derivatives	14	65.7
Net finance income		6.3
Profit before tax		113.9
Current income tax credit	8	1.5
Deferred income tax expense	8	(24.9)
Profit for the period		90.5
Attributable to:		
Equity holders of the parent		90.4
Minority interest		0.1
Earnings per share attributable to equity holders of the company during the period:		
Basic earnings per share (Euro)	9	0.21
Diluted earnings per share (Euro)	9	0.19

The notes on pages 61 to 79 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet as at 30 June 2007

	Note	30 June 2007
		In millions of Euro
Assets		
Non-current assets		
Investment properties	12	1,808.3
Goodwill	13	302.5
Long term receivables		2.4
Other investments		0.2
Total non-current assets		<u>2,113.4</u>
Current assets		
Inventories	12	15.7
Derivative financial instruments	14	49.3
Income tax receivable		3.2
Trade and other receivables	15	56.5
Cash and cash equivalents	16	377.7
Total current assets		<u>502.4</u>
Total assets		<u>2,615.8</u>
Equity		
Ordinary share capital	17	85.9
Ordinary share premium		10.8
Equity portion of convertible loan notes		30.2
Share based payment reserve	18	0.0
Other reserves		390.0
Foreign currency translation reserve		6.4
Retained earnings		90.4
Equity attributable to equity holders of the parent		<u>613.7</u>
Minority interest		6.4
Total equity		<u>620.1</u>
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	19	1,369.1
Convertible loan notes	19	38.1
Retirement benefit obligations	4	0.2
Deferred tax liabilities	20	267.0
Total non-current liabilities		<u>1,674.4</u>
Current liabilities		
Interest-bearing loans and borrowings	19	217.1
Trade and other payables	21	104.2
Total current liabilities		<u>321.3</u>
Total liabilities		<u>1,995.7</u>
Total equity and liabilities		<u>2,615.8</u>

The notes on pages 61 to 79 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the period ended 30 June 2007

	Ordinary share capital	Ordinary share premium	Equity portion of convertible loan notes	Share based payment reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Share- holders' equity	Minority interests	Total Equity
	In millions of Euro									
Balance at 23 October 2006	—	—	—	—	—	—	—	—	—	—
Ordinary share issue	443.9	9.2	—	—	—	—	—	453.1	—	453.1
Issue of convertible loan notes	—	—	45.2	—	—	—	—	45.2	—	45.2
Business combinations	—	—	—	—	—	—	—	0.0	6.3	6.3
Reduction of ordinary share capital account	(390.0)	—	—	—	390.0	—	—	0.0	—	0.0
Conversion of convertible loan notes	32.0	1.6	(15.0)	—	—	—	—	18.6	—	18.6
Issue of share options	—	—	—	0.0	—	—	—	0.0	—	0.0
Dividends	—	—	—	—	—	—	—	0.0	—	0.0
Currency translation differences	—	—	—	—	—	6.4	—	6.4	—	6.4
Profit for the period	—	—	—	—	—	—	90.4	90.4	0.1	90.5
Balance at 30 June 2007	85.9	10.8	30.2	0.0	390.0	6.4	90.4	613.7	6.4	620.1

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The ordinary share capital account of the Company has been reduced by €390.0 million and transferred to a special reserve which shall be treated as realised profits of the Company and shall be available for distribution to shareholders of the Company by way of dividend, return of capital, purchase of shares or otherwise and/or transfer to the income statement of the Company to the extent of any accrued losses thereon at any time.

The notes on pages 61 to 79 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement for the period ended 30 June 2007

	<u>Note</u>	<u>23 October 2006 - 30 June 2007</u>
		<u>In millions of Euro</u>
Cash flow from operating activities		
Profit before tax		113.9
Adjustments for:		
Impairment of goodwill		36.8
Unrealised net revaluation gains on investment properties		(55.1)
Gains on sale of investment properties		(27.7)
Interest income		(4.3)
Interest expenses		63.7
Unrealised net revaluation gains on financial instruments		(65.7)
Asset management performance fee		10.7
Cash flow from operations before changes in working capital, interest and tax		<u>72.3</u>
Change in trade and other receivables		56.1
Change in trade and other payables		39.6
Cash flow from operations before interest and tax		<u>168.0</u>
Interest paid		(55.9)
Interest received		4.3
Income tax paid		(0.2)
Cash flow from operating activities		<u>116.2</u>
Cash flow from investing activities		
Proceeds from sale of investment properties	5	186.3
Acquisition of investment properties		(135.9)
Capital expenditure on properties		(19.8)
Acquisition of subsidiaries (net of cash acquired)	11	(16.6)
Cash flow from investing activities		<u>14.0</u>
Cash flow from financing activities		
Proceeds from the issue of share capital		162.1
Borrowings drawn		96.1
Borrowings repaid		(9.0)
Cash flow from financing activities		<u>249.2</u>
Net increase in cash and cash equivalents		379.4
Cash and cash equivalents at 23 October 2006		—
Effect of exchange rate fluctuations on cash held		(1.7)
Cash and cash equivalents at 30 June 2007	16	<u>377.7</u>

The notes on pages 61 to 79 are an integral part of these consolidated financial statements.

Notes to the accounts
In millions of Euro, unless otherwise stated

General information

Northern European Properties Limited (the “Company” or the “Parent Company”) is a Jersey incorporated company which invests in real estate opportunities in the Nordic and Baltic regions and Baltic Russia. Through acquisition of the initial property portfolio as of 15 November 2006, which has been built up by London & Regional Group over the past four years, the Company and its subsidiaries (the “Group”) operate well-established local operations in these regions. The financial period of the Company is from 1 January to 31 December with the Company’s first financial period starting at incorporation on 23 October 2006 and ending on 31 December 2007.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRIC interpretations as endorsed by the EU. The basis of accounting and format of presentation is subject to change following any further interpretative guidance that may be issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretation Committee (“IFRIC”) from time to time. As the Parent Company, the ultimate holding company, was incorporated on 23 October 2006, this is the first interim report presented by the Group. Consequently, no comparative figures are presented. Further, as no annual reports have been issued previously, the Group has not previously disclosed any accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Standards, interpretations and amendments to published standards that are not yet effective

The following new Standards and Interpretations have been issued but are not effective for the period ended 30 June 2007, and have not been adopted early, IFRS 7 ‘Financial Instruments: Disclosures’ and the related amendment to IAS 1 on capital disclosures, IFRS 8 ‘Operating Segments’, IFRIC 7 ‘Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies’, IFRIC 8 ‘Scope of IFRS 2’, IFRIC 9 ‘Reassessment of Embedded Derivatives’, IFRIC 10 ‘Interim Financial Reporting and Impairment’, IFRIC 11 ‘IFRS 2 — Group and Treasury Share Transactions’, and IFRIC 12 ‘Service Concession Arrangements’. It is anticipated that the adoption of these new Standards and Interpretations in future periods will not have a material impact on the measurement of assets and liabilities included in the financial statements or the Group’s income and expenses. IFRS 7 is expected to result in additional disclosure about the Group’s financial instruments.

In accordance with the requirements of IFRIC 4 ‘Determining whether an arrangement contains a lease’, the Group has reviewed its sales and purchase arrangements to ascertain whether any of them effectively contain a lease with the Group acting as either lessor or lessee. No changes to the accounting treatments of the Group’s sales and purchase arrangements have been necessary.

Significant accounting policies

The functional currency of the Parent Company is Euro (EUR). The presentation currency of the Group’s consolidated financial statements is Euro. The financial statements are presented in millions of Euro and have been prepared under the historical cost convention as modified by the revaluation of investment properties and financial assets and liabilities held for trading.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and companies that it controls (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. This is generally the situation when the Company, either directly or indirectly, has a shareholding that entitles it to more than 50 percent of the voting rights. Consideration is also given to potential voting rights.

The profit/loss of subsidiaries acquired or disposed of during the period is included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used in the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests as of the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is reported using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, on the transaction date, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired company, plus any costs directly attributable to the business combination. The acquired company's identifiable assets, liabilities and contingent liabilities are reported at their fair values on the acquisition date, the excess resulting from the difference between the acquisition cost of the shares and participation acquired and the total of the fair value of the identifiable net assets is reported as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference will be reported directly in the income statement.

The interest of minority shareholders in the acquired company is initially calculated as the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

In case when a group of assets or net assets are acquired that does not constitute a business, the cost of the group is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the date of acquisition.

Foreign currencies

All foreign subsidiaries record their accounts in their local currency (i.e. the currency of the primary economic environment in which the subsidiary operates, which is known as the functional currency). Transactions denominated in foreign currencies during the period have been translated at the exchange rate prevailing as of the respective transaction date. Trade receivables and trade payables and other receivables and payables denominated in foreign currency have been translated at the exchange rates prevailing on the balance sheet date. Such exchange rate gains and losses are included in other operating income and other operating expense. Other foreign currency financing related items have been included in financial income and financial expense.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign subsidiaries are expressed in Euro using exchange rates prevailing on the balance sheet date. Income statements are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the translation reserve. When a foreign operation is disposed of such translation differences are recognised in the consolidated income statement in the period of disposal.

Revenue recognition

Gross rental income is calculated on an accrual basis, together with sales and services as principal in the ordinary course of business, excluding sales of investment properties. Rental income from investment property leased out under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and spread over the same period.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews, are recorded as income in the periods in which they are earned. Rent reviews are recognised as income, based on estimates, when it is reasonable to assume they will be received.

Where gains and losses are incurred by the sale of properties, they are recognised when the significant risk and rewards have been transferred to the buyer. This will normally take place on exchange of contracts unless there are significant conditions attached. For conditional exchanges, sales are recognised when these conditions are satisfied.

Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

Borrowing Costs

Borrowing costs are recognised as an expense in the period incurred, using the effective interest rate method.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee resigns voluntarily in exchange for these benefits. The Group recognises the termination benefits when it is demonstrably committed to either: terminating the employment according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary retirement that has been accepted by those that received the offer. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value, if material.

Share-based payment

Equity settled share based payments to employees and others providing services are measured at the fair value of the equity instrument on the issue date. Fair value is measured by use of the Black & Scholes model.

Transactions regarding compensation involving shares (paid with equity instruments) with other parties are measured at the fair value of the goods or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments issued measured on the date the Group received the service from the other party.

Taxation

The Parent Company has obtained exempt company status in Jersey under the provision of Article 123(A) of the Income Tax (Jersey) Law 1961. As an exempt company, the income and capital gains of the Company other than income arising in respect of profits of a trade carried on through an established place of business in Jersey (excluding Jersey bank deposit interest) is exempt from taxation in Jersey.

Income tax expense represents the sum of the current tax and deferred tax in the countries the Group operates.

The current tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (temporary differences) and it further excludes items that are never taxable or deductible (permanent differences). The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date in the country in question.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced in cases where it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply, based on currently enacted tax law, in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with under equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

All leases are classified as operating leases.

Rentals receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits given as an incentive to enter into an operating lease are also allocated on a straight-line basis over the lease term.

Investment properties

Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment properties are initially recognised at cost. All costs directly associated with the purchase of the properties are included in the cost of acquisition.

The Group has elected to use the fair value method. This means that, subsequently after initial recognition investment properties are re-valued at the balance sheet date to fair value as determined by professional qualified external valuers on the basis of market value. The fair value are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Gains or losses arising from changes in the fair value of investment properties are included in the income statement in the period in which they arise. Depreciation is not provided in respect of investment properties.

When the Group redevelops an existing investment property for continued use as an investment property, the property remains an investment property measured at fair value. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Any loss arising in this manner is recognised in the income statement immediately.

Properties that are being constructed or developed for future use as investment properties are classified as investment properties under development and stated at cost until construction or development is complete, at which time they are reclassified and subsequently accounted for as investment properties. At the date of transfer, the difference between fair value and cost is recorded as income in the consolidated income statement.

Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arises on the acquisition of subsidiaries or a jointly controlled entity and relates to the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised as of the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the amount of goodwill related to the divested subsidiary is written off to the income statement.

Impairment of tangible and intangible assets excluding goodwill and investment properties

On each balance sheet date, the Group reviews the carrying amounts of its tangible (excluding investment properties) and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Additionally, intangible assets other than goodwill with indefinite useful lives and tangible assets which are not yet available for use are tested for impairment annually.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially and subsequently recognised at their fair value.

Trade receivables

Trade receivables are reported at their fair value. As trade receivables have a short expected term, they are valued at their face amount without discounting. Trade receivables are reported at the amount they are expected to realise after a deduction for doubtful debts, which is made on a case by case basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In order to be classified as cash and cash equivalents, the maturity of the cash and cash equivalents instruments is three months or less at the time of acquisition.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognised initially at fair value, which is usually equal to cost. Subsequent to initial recognition derivatives are recorded at fair value based on market prices, estimated future cash flows and forward rates as appropriate. The Group does not apply hedge accounting to its derivative financial instruments, i.e. interest rate and currency swaps. Any change in fair value of such derivatives is recognised immediately in the income statement.

Inventories

Inventories are investment properties that have commenced development with a view to a sale.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Interest bearing loans and borrowings (including bank loans)

Interest-bearing bank loans, overdrafts and other loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of loans is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Convertible loans

The component parts of a convertible loan (compound instruments) are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is reported as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax, and is not subsequently re-measured.

Trade payables

Trade payables are reported at their fair value. As trade payables have a short expected term, they are valued at their face amount without discounting.

Equity instruments — ordinary shares

Equity instruments (ordinary shares) issued by the Group are reported as the proceeds received, net of direct issue costs. When the Group's own equity instruments are repurchased, consideration paid is deducted from equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation on the balance sheet date, and are discounted to present value where the effect is material.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected to be received under it.

Segment reporting

A segment is a distinguishable component of the Group that is engaged in either providing services or products (business segment) or in providing services or products within a particular economic environment (geographical segment), which is subject to risks and reward that are different from those of other segments. The primary segment reporting format of the Group is geographical segments, since the risks and rewards are predominantly affected by geographical differences.

Critical accounting policies and judgements

The preparation of the Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingencies at the date of the Consolidated Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the Consolidated Financial

Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified, as appropriate, in the period in which the circumstances change. The following policies are considered to be of greater complexity and/or particularly subject to the exercise of judgement.

(a) Goodwill

As required by IAS 36, Impairment of Assets, the Group regularly monitors the carrying value of its assets, including goodwill. Impairment reviews compare the carrying values to the present value of future cash flows that are derived from the relevant asset or cash-generating unit. These reviews therefore depend on management estimates and judgements, in particular in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.

(b) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- i) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences
- ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(c) Principal assumptions for management's estimation of fair value of investment properties

If information on current or recent prices of the Group's investment properties are not available, the fair values of investment properties is determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date. The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

1. Segment reporting

Segment information is presented in respect of the Group's geographical segments, which is based on the Group's management and internal reporting structure, and considered the primary format. There were no inter-segment sales between geographical areas.

Primary reporting format — Geographical segments

	23 October 2006 - 30 June 2007				
	Sweden	Finland	Other	Unallocated	Total
Gross rental revenue	55.4	36.5	3.2	—	95.1
Property operating expenses	(15.1)	(5.4)	(0.6)	—	(21.1)
Net rental income	40.3	31.1	2.6	—	74.0
Valuation gains on investment properties	23.8	30.6	0.7	—	55.1
Profit on disposal of investment properties	5.9	21.8	—	—	27.7
Net gains on investment properties	29.7	52.4	0.7	—	82.8
Administrative expenses — General	—	—	—	(1.7)	(1.7)
Administrative expenses — Asset management performance fee	—	—	—	(10.7)	(10.7)
Impairment of goodwill	(21.5)	(13.8)	—	(1.5)	(36.8)
Operating profit	48.5	69.7	3.3	(13.9)	107.6
Segment assets					
Investment properties and inventories	1,034.1	709.3	80.6	—	1,824.0
Goodwill	176.7	112.2	13.6	—	302.5
Unallocated	—	—	—	489.3	489.3
Total assets	1,210.8	821.5	94.2	489.3	2,615.8
Segment liabilities					
Long term liabilities	1,263.8	342.6	68.0	—	1,674.4
Short term liabilities	160.8	147.0	13.5	—	321.3
Total liabilities	1,424.6	489.6	81.5	—	1,995.7
Capital expenditure	10.5	9.3	—	—	19.8

The Group's geographical segments operate in four main business areas. The split between the business areas are based on the Group's management and internal reporting structure.

Secondary reporting format — Business segments

	Offices	Industrial	Logistics	Hotels	Other	Group
Gross rental revenue	20.1	26.2	11.8	35.3	1.7	95.1
Segment result	15.8	19.6	9.1	28.2	1.3	74.0
Profit on disposal of investments properties	20.4	0.6	1.4	1.8	3.5	27.7
Valuation changes on investments properties	0.1	7.7	(0.7)	48.0	0.0	55.1
Unallocated costs	—	—	—	—	—	(49.2)
Operating profit	—	—	—	—	—	107.6
Net finance income	—	—	—	—	—	6.3
Profit before income tax	—	—	—	—	—	113.9
Income tax expense	—	—	—	—	—	(23.4)
Profit for the period	—	—	—	—	—	90.5
Segments assets						
Investment properties and inventories	191.4	500.2	319.3	813.1	—	1,824.0
Goodwill	13.7	91.2	66.9	130.7	—	302.5
Unallocated assets	—	—	—	—	—	489.3
Total assets	—	—	—	—	—	2,615.8
Capital expenditure	6.3	2.6	2.7	8.2	—	19.8

2. Property operating expenses

	<u>23 October 2006 - 30 June 2007</u>
Utilities	(6.9)
Caretaking, insurance and other expenses	(5.1)
Planned maintenance	(0.6)
Tenant improvements	(0.1)
Property tax	(3.2)
Site leasehold rent	(0.7)
Asset management fee	<u>(4.5)</u>
Property operating expenses	<u>(21.1)</u>

Some property operating expenses, mainly heating and electricity, are affected by the weather, resulting in higher expenses in the winter time. Maintenance and tenant improvements may be unevenly spread over the period.

3. Audit remuneration

	<u>23 October 2006 - 30 June 2007</u>
	<u>In € '000s</u>
Audit fees	
Fees payable to the Company's auditors for the audit of the Group's annual accounts	675
Fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries pursuant to legislation	<u>260</u>
Total audit fees	<u>935</u>
Non-audit fees	
Other services	2,121
Total non-audit fees	<u>2,121</u>

The auditor's remuneration in respect of Other services was the fee paid for work in relation to the reporting accountants' work which has been charged to the share premium account.

4. Employee benefit expense

	<u>23 October 2006 - 30 June 2007</u>
Staff costs	
All values are in € '000s	
Wages and salaries	616
Social security costs	42
Pension costs	<u>254</u>
Total staff costs	<u>911</u>

Retirement benefit obligations

In Finland the Company has a pension plan in place for the employees. It is a legal demand according to the Finnish law.

The plan assets are considered to include the cover paid to the insurance company and accumulated by the reporting date. The assets are the responsibility of the insurance company and a part of the insurance company's investment assets. The distribution in categories is not possible to provide. In the table below the following assumptions are made:

	<u>30 June 2007</u>
Discount rate at the end of the period	4.95%
Expected rate of return on a plan assets at 30 June	4.70%
Rate of salary increase	4.00%
Rate of inflation	2.00%
Employee turnover	0.00%

The census data was received from Sampo Life Insurance Company Limited and compared with the census information received from the employer. All other assumptions made are those commonly used by Finnish employment pension insurance companies.

The evaluation includes the insured, partly funded old age pension liability for actives and an unfunded pension cover agreement between the employer company and one employer.

Actuarial gains and losses are recognised under the minimum requirements of paragraph 93, IAS 19 (corridor). The excess divided by the expected average remaining working years is recognised yearly as a component of net periodic benefit costs.

Amounts Recognised in Balance Sheet and Income Statement

All values are in € '000s

	<u>30 Jun 2007</u>
Present value of the obligation	727
Fair value of plan assets	(487)
Funded status	240
Unrecognised asset(+) or obligation(-)	(89)
Liability recognised in balance sheet	151
Current service cost	53
Interest cost	17
Expected return on plan assets	(13)
Expense(+)/income(-) recognised in income statement	57
Movements in the net liability(+)/asset(-) recognised in the balance sheet	
Opening net liability as acquired	203
Expense(+)/income(-) as above	57
Contribution paid	(109)
Closing net liability	151

Change in present value of obligation and in fair value of plan assets

All values are in € '000s

	<u>30 Jun 2007</u>
Opening defined benefit obligation as acquired	574
Current service cost	53
Interest cost	17
Actual gain(-) loss(+) on obligation	83
Closing present value of obligation	727
Opening fair value of plan assets as acquired	371
Expected return on plan assets	13
Contributions	109
Actual gain(+) loss(-) on plan assets	(6)
Closing fair value of plan assets	487

Limits of the ‘corridor’

Unrecognised actuarial gain(+) loss(-)

All values are in € ‘000s

	<u>30 June 2007</u>
Unrecognised actuarial gain(+) loss(-), at beginning of the period	0
Limits of “corridor” at beginning of the period	<u>57</u>
Excess	0
Average expected remaining working lives (years)	5
Unrecognised actuarial gain(+) loss(-) at beginning of the period	0
Actuarial gain(+) loss(-) for the period — obligation	(83)
Actuarial gain(+) loss(-) for the period — plan assets	<u>(6)</u>
Unrecognised actuarial gain(+) loss(-) at 30 June 2007	<u>(89)</u>

5. Profit on disposal of investment properties

	<u>23 October 2006 - 30 June 2007</u>
Net sales proceeds	221.0
Fair value at last valuation	(189.2)
Capital expenditures since last valuation	<u>(4.1)</u>
Profit	<u>27.7</u>

	<u>23 October 2006 - 30 June 2007</u>
Net sales proceeds	221.0
Less amount received but held by the solicitors (note 16)	<u>(34.7)</u>
Effect of disposals on group cash flow statement	<u>186.3</u>

The profit on disposals of EUR 27.7 million is before related goodwill impairment charge amounting to EUR 18.7 million (note 13) and credit arising from release of associated deferred tax liabilities of EUR 12.4 million.

6. Finance income

	<u>23 October 2006 - 30 June 2007</u>
Interest income	<u>4.3</u>

7. Finance expenses

	<u>23 October 2006 - 30 June 2007</u>
Interest payables on loans	(54.6)
Loan arrangement fees	(1.3)
Currency exchange losses	<u>(7.8)</u>
Total	<u>(63.7)</u>

8. Taxation

	<u>23 October 2006 - 30 June 2007</u>
Current tax credit	1.5
Deferred tax expense	<u>(24.9)</u>
Income tax expense	<u>(23.4)</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of consolidated entities as follows.

	23 October 2006 - 30 June 2007
	Total
Profit before tax	113.9
Adjustment for impairment of Goodwill	36,8
Adjusted Profit before tax	150.7
Tax calculated at domestic tax rates applicable to the profits in the respective countries*	(42.0)
Income not subject to tax	19.1
Expenses not deductible for tax purposes	(0.5)
Tax charge	(23.4)

* The tax rates differ between the countries and are as follows: Sweden 28 per cent., Finland 26 per cent. and Jersey 0 per cent.

9. Earnings per share

a) Basic

	3 October 2006 - 30 June 2007
Profit attributable to equity holders of the company (EUR millions)	90.4
Weighted average number of ordinary shares in issue	429,191,220
Basic earnings per share (Euro)	<u>0.21</u>

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible loan notes and share options. The convertible debt is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options.

	23 October 2006 - 30 June 2007
Profit attributable to equity holders of the company	90.4
Interest expenses on convertible debt (net of tax)	2.0
Profit used to determine diluted earnings per share	92.4
Weighted average number of ordinary shares in issue	429,191,220
Adjustments for:	
— Assumed conversion of convertible debt	61,776,974
— Share options	33,435
Weighted average number of ordinary shares in issue for diluted earnings per share	491,001,629
Diluted earnings per share (Euro)	<u>0.19</u>

10. Dividends

During the period no dividends were paid out and no final dividends were declared. An interim dividend of € 0.039 per share was declared and paid on 19 October 2007.

11. Business combinations during the period

Acquisition of properties from LR Swedish Holdings No. 1 AB

On 15 November 2006, the Group acquired 100 per cent of the shares in companies owning property from LR Swedish Holdings No. 1 AB with a property value of approximately € 1.8 billion. Before acquiring the investment property portfolio, the Group's operations were limited, i.e. all of the Group's result post acquisition relates to the acquired Group from LR Swedish Holdings No. 1 AB. The transaction has been accounted for using the purchase method of accounting.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	<u>23 October 2006 - 30 June 2007</u>
Investment properties	1,824.0
Trade and other receivables including income tax	67.8
Cash and cash equivalents	83.3
Minority interest	(6.3)
Other long term interest bearing liabilities	(1,499.3)
Derivatives	(16.4)
Trade and other payables	(51.5)
Deferred tax liabilities	(248.2)
Net assets acquired	<u>153.4</u>
Purchase price comprise of:	
Cash paid	99.9
Issue of convertible loan	101.7
New shares issued	291.1
Total purchase price	<u>492.7</u>
— of which cash paid	(99.9)
— less cash and cash equivalents in the acquired Subsidiaries	83.3
Effect of acquisitions on group cash flow statement	<u>(16.6)</u>
Total purchase price	492.7
Fair value of net assets acquired	(153.4)
Goodwill	<u>339.3</u>

The goodwill calculated above is a preliminary assessment at this stage and which will be finalised for the year-end accounts.

The fair values of investment properties in the Group are reported based on independent and external valuations. 277,189,620 shares were issued as part of the purchase price consideration. The fair value of the instruments issued were 1.05 Euro per share.

12. Investment properties

	<u>30 June 2007</u>
At 23 October 2006	—
Additions through business combinations (note 11)	1,824.0
Additions through asset acquisitions	135.9
Capital expenditure	19.8
Disposals	(193.4)
Properties held for sale in inventories	(15.7)
Foreign exchange fluctuation	(17.4)
Revaluation	55.1
At 30 June 2007	<u>1,808.3</u>
Inventories	15.7
Total	<u>1,824.0</u>

The property held for sale in Inventories is Svea Artilleri in Stockholm, Sweden, for which a sales contract was signed in June 2007. Closing of the disposal took place on 28 September, 2007.

DTZ Sweden AB has performed a valuation of all the Company's properties with a valuation date as per 30 June 2007.

13. Goodwill

	<u>30 June 2007</u>
At 23 October 2006	—
Arising on acquisitions during the period (note 11)	339.3
Impaired during the period	(18.1)
Impaired as a result of property disposals (note 5)	(18.7)
At 30 June 2007	<u>302.5</u>

The goodwill arising on the initial acquisition primarily represented a portfolio premium paid for on the properties, which was not recognised as part of the fair value of the investment properties acquired, the value to sell the acquired properties portfolio tax-free in the future, and a negative derivative financial instrument value, not incorporated into the purchase price.

Capital gains realised on the disposal of companies qualifying for the Swedish participation exemption are tax exempt. Unquoted shares should satisfy the relevant conditions. This exemption applies to the sale of shares in Swedish as well as non-Swedish companies. No minimum participation or minimum holding period is required for this exemption to apply.

The impairment is due to the disposal of 11 properties (in both main geographical segments) whereby goodwill has been impaired with an amount corresponding to the portfolio premium for these properties and the value to sell the properties tax-free. Further, goodwill related to the negative value of derivative financial instruments was impaired as this does not give rise to future benefit to the Group.

14. Derivative financial instruments

	<u>30 June 2007</u>
Fair value at 23 Oct 2006	0.0
Acquired through Business combinations (Note 10)	(16.4)
Revaluation gains on financial instruments	65.7
Fair value at 30 June 2007	<u>49.3</u>

	<u>30 June 2007</u>	
	<u>Fair value assets</u>	<u>Fair value liabilities</u>
Interest rate swaps	46.6	—
Currency swaps	2.7	—
Total	<u>49.3</u>	<u>—</u>

At 30 June 2007, the notional principle amount of outstanding currency swap contracts was EUR 691.8 million and of outstanding interest rate swaps EUR 1,555.5 million.

At 30 June 2007, the fixed interest rates vary from 3.8 per cent. to 4.4 per cent. and the main floating rates are EURIBOR (Euro Interbank Offered Rate) 3 months and STIBOR (Stockholm Interbank Offered Rate) 3 months.

15. Trade and other receivables

	<u>30 June 2007</u>
Trade receivables	8.6
Other short-term receivables	44.8
Prepaid expenses and accrued income	3.1
At 30 June 2007	<u>56.5</u>

Other short-term receivables includes receivables amounting to € 36.0 million from disposals of properties which took place on 28 June 2007. The cash from these disposals was subsequently received in our accounts on 1 July 2007.

Trade receivables that are less than three months past due are not considered impaired. As of 30 June 2007, trade receivables of € 0.2 million were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows:

	<u>30 June 2007</u>
< 3 months	0.2
3 to 6 months	—
Over 6 months	—
Total	<u>0.2</u>

16. Cash and cash equivalents

Cash and cash equivalents shown in the cash flow statement comprise:

	<u>30 June 2007</u>
Cash at bank and on hand	377.7
Short-term deposits	—
Bank overdrafts	—
Total	<u>377.7</u>

On the disposal of investment properties on 28 June 2007, an amount of € 34.7 millions was received but held by the solicitors. This amount was paid to the Company in July. As a consequence of the disposals, € 199.2 million of the interest bearing loans were repaid in July 2007. The average interest rate is approximately 2.5 per cent.

17. Equity—Issued capital

The Company was incorporated with unlimited capital and registered in Jersey on 23 October 2006. On incorporation, 11,000 ordinary shares of no par value were issued at a total price of 11,000 Euro. In the table below, the movement of issued capital for the period ended 30 June 2007 is disclosed below:

	<u>Share capital €</u>	<u>Share Premium €</u>	<u>No. of ordinary shares</u>
On incorporation, 23 October 2006		11,000	11,000
New share issues	443,856,286	9,236,604	443,856,286
Conversion of convertible loan notes	32,057,246	1,602,862	32,057,246
Reduction of share capital account	(390,000,000)	—	—
Issued and fully paid at 30 June 2007	<u>85,913,532</u>	<u>10,850,466</u>	<u>475,924,532</u>

The total authorised number of ordinary shares is 475,924,532 shares with a par value of € 1 per share. All issued shares are fully paid.

The share capital account of the Company has been reduced by € 390.0 million and transferred to a special reserve which shall be treated as realised profits of the Company and shall be available for distribution to shareholders of the Company by way of dividend, return of capital, purchase of shares or otherwise and/or transfer to the income statement of the Company to the extent of any accrued losses thereon at any time.

18. Share-based payment transactions

The Company has granted certain options to three board members. The total outstanding options are disclosed in the table below:

	<u>Jens Engwall</u>	<u>Kari Österlund</u>	<u>Michael Hirst</u>	<u>Total</u>
At 23 October 2006	—	—	—	—
Granted	428,571	57,143	57,143	542,857
Forfeited	—	—	—	—
Exercised	—	—	—	—
Outstanding and exercisable at 30 June 2007	<u>428,571</u>	<u>57,143</u>	<u>57,143</u>	<u>542,857</u>

Each option gives the holder the right to acquire one new share at the price of 1.05 Euro. The options may be exercised at any time during the period starting 15 November 2009 through 15 November 2016. No premium was paid by the option holders. The price and fair value of the options was determined by using a Black & Scholes valuation model. The significant inputs into the model were a share price on the issue date of 1.05 Euro, a volatility of 24 per cent, an exercise period of 3 to 10 years and an annual risk-free interest rate of 3.54 per cent. The fair value per option amounted to 0.08 Euro per option. The cost is included in administrative expenses in the income statement and the fair value is included in the share based payment reserve in the balance sheet with the amount of € 9,200.

The volatility was based on average historical volatility for the six largest real estate companies on the Stockholm Stock Exchange (based on monthly returns during the last 5 -10 years).

19. Interest bearing loans and borrowings

	<u>30 June 2007</u>
Amounts falling due within one year:	
Bank loans	216.9
Other loans	0.2
Vendor notes	—
Convertible loan	—
Total amounts falling due within one year (recorded as current)	<u>217.1</u>
Amounts falling due after more than one year:	
Bank loans	1,358.4
Other loans	2.3
Vendor notes	8.4
Convertible loan	38.1
Total amounts falling due after more than one year	<u>1,407.2</u>
Total borrowings	<u>1,624.3</u>
Cash and cash equivalents	(377.7)
Net borrowings	<u>1,246.6</u>

The gross movement of the borrowings is as follows:

Beginning of period	0.0
Borrowings in acquired subsidiaries (note 11)	1,499.3
Borrowings drawn	96.0
Convertible loan	38.0
Borrowings repaid	(9.0)
At 30 June 2007	<u>1,624.3</u>

Convertible loan movement

	<u>Nominal value (total)</u>	<u>Fair value (total)</u>	<u>Liability (total)</u>	<u>Equity (total)</u>
Opening balance	—	—	—	—
Issue of convertible loan notes	96.8	101.6	56.5	45.1
Conversion	(32.1)	(33.7)	(18.7)	(15.0)
Interest adjustment	—	—	0.3	—
At 30 June 2007	<u>64.7</u>	<u>67.9</u>	<u>38.1</u>	<u>30.1</u>

Loan maturity profile

<u>Maturity year</u>	<u>Amount (€m)</u>	<u>% amount</u>
2011	57	3.6
2012	43	2.7
2013	1 477	93.1
>2014	9	0.6
Total	<u>1 586</u>	<u>100.0</u>

The average interest rate is approximately 5.35 per cent., excluding impact of arrangement fees. The loans are floating, however through interest rate swaps the loans are economically hedged until maturity. There is no difference between the fair value and the current value. 92 per cent. of the loans are in Euro and the other 8 per cent. are in SEK.

The Group has access to a revolving credit facility of €10.0 million that was not used at the end of the reporting period.

Bank loans falling due within one year include €199.2 million that was repaid in July 2007 as a consequence of the disposals that took place in June. Bank loans falling due within one year also include €14.1 million that will be amortised after closing of the disposal of the investment property held for sale. Interest bearing loans and borrowings are net of loan arrangement fees of EUR 14.4 million.

The Company has issued 96,845,470 convertible loan notes of which 32,057,246 have been converted into shares of the Company and 64,788,224 remain outstanding. The convertible loan notes are convertible into shares of the Company. All convertible loan notes are held by LR Swedish Holdings No 1 AB. The following is a summary of the terms of the convertible loan notes:

- a) If not previously converted or repaid (on an event of default), the convertible loan notes will be repaid by the Company at par on 31 December 2026;
- b) Interest is payable twice yearly in arrears at the rate of 4 per cent. per annum. In addition, an additional payment will be made in each year on each convertible loan note (so far as not previously paid) equal to the excess of the dividend payments on the number of Shares into which the convertible loan notes would convert over the interest paid on the convertible loan notes;
- c) The convertible loan notes are only transferable to certain connected persons of London & Regional Group and are not traded on any stock exchange; and
- d) The holder of convertible loan notes can convert a note into shares at the rate (subject to adjustment for reorganisations) of one share for every convertible loan note converted. The convertible loan notes are subject to certain restrictions on conversion to the effect that London & Regional Group and certain connected persons' shareholdings in the Company should not after conversion exceed 24.9 per cent. of the total number of the shares in issue.

20. Deferred tax liabilities

	<u>30 June 2007</u>
Investment properties	262.7
Derivatives	13.7
Tax losses carried forward	(10.0)
Other	<u>0.6</u>
Total	<u>267.0</u>

The movement on the deferred income tax account is as follows:

	<u>Properties</u>	<u>Derivatives</u>	<u>Tax losses</u>	<u>Other</u>	<u>Total</u>
Beginning of period	—	—	—	—	—
Deferred taxes in acquired subsidiaries	259.4	(4.4)	(6.8)	(0.1)	248.2
Exchange differences	(6.3)	—	0.2	—	(6.1)
Income statement charge (Note 8)	<u>9.7</u>	<u>18.0</u>	<u>(3.4)</u>	<u>0.6</u>	<u>24.9</u>
At 30 June 2007	<u>262.8</u>	<u>13.7</u>	<u>(10.0)</u>	<u>0.5</u>	<u>267.0</u>

21. Trade and other payables

	<u>30 June 2007</u>
Trade payables	4.0
Social security and other taxes	15.7
Accrued expenses and prepaid income	45.5
Other payables	<u>39.0</u>
At 30 June 2007	<u>104.2</u>

22. Capital commitments

At 30 June 2007 the Company was contractually committed to € 183 million of future expenditure for the purchase, development and enhancement of investment property.

23. Contingent liabilities

The Group is financed by external loans raised by certain Group companies. Other Group companies have guaranteed the commitments to the external lenders. The companies have pledged assets and rights as collateral for the guarantees. The guarantee commitments by the subsidiaries of the borrowing companies are limited to amounts that do not violate legislation that is in effect from time to time.

24. Events after the balance sheet date

In July € 199.2 million of the bank loan was repaid as a consequence of the disposals that took place in June.

In July the acquisition of shopping centre “Forum Murmansk” in Murmansk, Russia, was closed. In September the acquisition of the shopping centre “Kaliningrad Plaza” and connected office building in Kaliningrad, Russia, was closed. The properties in the two transactions have a lettable area of approximately 38,000 sq. m. The total investment for the two transactions is approximately € 87 million and the net rental income approximately € 8.2 million.

In September the disposal of the property “Svea Artilleri” in Stockholm, Sweden took place. The property is held for sale as inventory (note 11) as per 30 June 2007. The price was € 15.7 million and the property was acquired for € 12.9 million. As per 30 June 2007 the valuation of the property was € 15.7 million (sale price). This means that the gain which was unrealised as at 30 June 2007 is now realised.

An interim dividend of € 0.039 per share was declared and paid on 19 October 2007.

In November 2007, the Company announced that it had reached an agreement in principle to sell a portfolio of 14 of its Swedish properties to Kungsleden AB. The transaction completed on 13 December 2007. On 27 November 2007, the Company also announced that it has sold one other Swedish property in a separate transaction. The properties are logistical and light industry and have a lettable area of 512,000 sqm. The sales proceeds, net of transaction costs, from both transactions are approximately €363.0 million. The properties were acquired for €352.5 million and the valuation as per the 30 June 2007 was €347.4 million.

25. Related Party transactions

LR Swedish Holdings No. 1 AB owns 117,299,200 shares, representing 24.65 per cent of the issued share capital of the Company and 64,788,224 convertible loan notes. Assuming full conversion of the convertible loan notes, LR Swedish Holdings No. 1 AB will be interested in 182,087,424 fully diluted shares in aggregate representing 33.68 per cent of the fully diluted share capital.

The following related party transactions are transactions which, as a single transaction or in their entirety, are or may be material to the Company. In the opinion of the directors, each of the transactions was concluded at arm's length:

- a) the purchase agreement whereby the Group acquired the initial property portfolio of 84 properties at a value of € 1,824.0 million from LR Swedish Holdings No. 1 AB;
- b) the management agreement according to which LR Real Estate Asset Management AB, a member of the London & Regional Group, is the asset manager and receives a fee of 0.4 per cent based on gross asset value (€ 4.5 million for the period ending 30 June 2007) and a performance fee of 25 percent of any increase in net asset value above 10 per cent (€ 10.7 million for the period ending 30 June 2007);
- c) the rental shortfall guarantee in which LR Real Estate Asset Management AB guarantees an income for certain premises of € 4.0 million per year for 2007-2009, less any rent from new leases in the same premises;
- d) the lease agreement Stockholm Katthavet 8 “Berns Hotel” between the Group and the London & Regional Group; and
- e) the lease agreement Åre Mörviken 8;1, “Åre Holiday Club” between the Group and the London & Regional Group.

Ian Livingstone is an affiliate of, and thus may be deemed to have an indirect interest in, each of the members of the London & Regional Group that is a party to the agreements listed in (a) to (e) above. Kari Österlund is a director of Holiday Club Resorts Oy, an affiliate of the London & Regional Group.

26. Minority interest

This represents investments held by other owners than the Company in Kiinteistö Oy Raatihuononkatu 16, Kiinteistö Oy Rovaniemen valtakatu 23 and Kiinteistö Oy Vaasan Ay-keskus.

27. Key management compensation

Each of the directors has signed a letter of appointment with the Company setting out the terms of his appointment. The letters of appointment are for an initial term of one year or, in the case of the chairman, three years commencing on 27 October 2006 but may be terminated at any time on three months' notice. There are no service contracts in existence between the Company and any of the directors, nor are any proposed. The annual fee payable to each director under the terms of their letter of appointment is as follows:

<u>Name</u>	<u>Fee (Euro)</u>
Jens Engwall	150,000
Kari Österlund	60,000
Michael Hirst OBE	60,000
Christopher Lovell	30,000
Martin Sabey	30,000
Total	<u>330,000</u>

Ian Livingstone will not receive a fee for his services as a non-executive director.

Upon termination of the appointment as a director, the director is only entitled to such fee that has accrued to the date of termination.

In addition to the above, the Company has granted certain options to three board members — see note 18.

PART VI

LEASE AND OWNERSHIP ARRANGEMENTS IN RESPECT OF THE PORTFOLIO

Each of the Group's lease agreements with its tenants has been individually negotiated and thus they vary in their terms. The following summaries have been prepared to explain customary market practices and provide a general overview of the Group's lease and ownership arrangements in the countries in which it has significant operations.

1. SWEDEN

Under Swedish law, leases generally may not be terminated prior to their scheduled expiration date unless leases include specific break clauses in favour of the tenant or a separate agreement providing for a right to terminate has been entered into. In certain circumstances the Group enters into such agreements, although typically its leases are not terminable prior to the end of their stated term. The Group's master lease agreements with ABB include break clauses giving ABB the right to vacate premises at certain dates with a corresponding reduction of the rent (see paragraph 8.9 of Part X for further details). Landlords have immediate termination rights in certain circumstances, including for neglect of the leased property and late payment of rent.

Most Swedish commercial lease agreements are for terms of three years at a time, although where all or a significant portion of a building or a property is leased to a single tenant this term can be considerably longer. Although the majority of the Group's Swedish lease agreements tend to be for terms of between one and six years on average, a number have terms of around ten to 14 years and some extend as long as 20 years or more. Swedish commercial lease agreements are typically automatically renewable for another term unless the landlord or tenant gives advance notice of their intention not to renew. The notice period is typically nine months, although this may vary depending on the size of the lease object and the initial term of the lease. The Group's leases generally contain nine months' notice periods. Upon termination by the landlord, even at the end of the lease term, tenants have a right to compensation from the landlord for a minimum of one years' rent and other damages, including costs and lost revenues. Although this liability may be expressly waived by separate agreement, such waivers are not common practice. The Group typically does not enter into such waivers.

Rents in Sweden are generally fixed, although may be variable based on factors such as a percentage of turnover, and may be adjustable based on the consumer price index if the lease term is for three years or more. Most Swedish commercial leases provide for an annual rent adjustment based on the consumer price index, and the Group's Swedish lease arrangements generally follow this practice. Subletting of an entire leased property is generally not allowed and leases are generally not assignable without the landlord's consent, although lease arrangements remain in place and binding on a new owner in the event of a sale of the property by a landlord. Typically the landlord is responsible for the cost and carrying out of major repairs to a property. These costs are generally not recoverable from a tenant.

The Group holds the freehold of the vast majority of its properties in Sweden, although in certain instances it holds a leasehold interest.

In Sweden, there is a statutory obligation to notify the relevant municipality following the sale of a property, or the sale of the shares of a company that owns a property, in that municipality. The municipality then has the option to acquire the property, upon the same terms as it was sold. In addition, unless the municipality gives its consent to the sale, the sale will be null and void. However, in respect of the current transaction, the relevant municipalities will not be able to exercise their purchase option because, if they did, each municipality would own property (or own shares in a company that owns property) located outside its boundaries. A municipality is prohibited from owning property (or owning shares in a company that owns property) which is located outside of the boundaries of that municipality.

2. FINLAND

Under Finnish law, leases may be for either a fixed-term or remain in force until further notice. A fixed-term lease terminates on the agreed date without any notice requirement whereas a lease agreement in force until further notice may be terminated upon three months' notice by the landlord or one month's notice by the tenant unless otherwise specified in the agreement. Termination must also follow specific procedures set forth under Finnish law or is ineffective. Fixed-term leases may not be terminated prior to their scheduled expiration date other than through mutual agreement, although a landlord has immediate termination rights in certain circumstances, including the tenant's failure to pay rent, illegal sub-lettings or assignments, the tenant's neglect of the property or other material breaches by the tenant. Similarly, tenants have the right to terminate with

immediate effect where use of the premises for the agreed purpose would cause evident risks to the health of the tenant or a party employed by the tenant, or if the tenant has lost possession of the premises or part thereof, or if the landlord is in material breach of the lease agreement. Such rights for the tenant to terminate shall not apply if the said circumstances are of only minor significance.

Most Finnish commercial lease agreements are for terms of at least three years at a time, although where all or a significant portion of a building is leased to a single tenant this term is generally considerably longer. The majority of the Group's Finnish lease agreements are for fixed terms and tend to be for terms of between 15 and 20 years on average. Finnish commercial lease agreements are typically automatically renewable for another term unless the landlord or tenant give advance notice of their intention not to renew. The notice period is typically six to twelve months, and the Group's Finnish leases generally follow this practice, even though the notice periods in some cases are up to 36 months. When a fixed-term lease terminates, the tenant is entitled to compensation for any repairs and alterations carried out by the tenant which have increased the value of the premises (based on current value at the time of the termination), provided that the tenant had the right to perform such work and had not previously been compensated. Rents in Finland are generally based on a percentage of turnover, subject to a fixed minimum, and are customarily adjusted based on the cost-of-living index. The majority of the Group's Finnish leases follow this practice, save in respect of a number of sale and leaseback properties, where the rent for each year of the term is predetermined. If not otherwise agreed, tenants may sublet up to half of the leased premises without the landlord's consent, provided that the sublease does not cause the landlord significant inconvenience or disturbance, although the tenant remains responsible to the landlord for the lease obligations and any losses caused by the sub-lessee. Tenants may not transfer or assign a lease without the landlord's consent (as provided for in the lease or otherwise), subject to certain exceptions pertaining to the transfer of the tenant's business or the tenant's bankruptcy. Typically the landlord is responsible for the cost and carrying out of major repairs to a property. These costs are generally not recoverable from a tenant.

Although the Group holds the freehold to the majority of its properties in Finland, it also holds leasehold interests, some of which are not automatically renewable at the Group's option and thus there can be no assurance that the Group will be able to continue to lease such properties upon expiration of the current leases. Three of the Group's Finnish hotels encompass both freehold properties and properties held under leases. In the event that the leases are not renewed, the Directors believe that the hotels would be able to continue to operate without the leasehold space, which in respect of two of the hotels is not integral to their operations although in respect of one of the hotels would cause a reduction in rooms. The Group has also acquired the freeholds to seven of its Finnish properties as part of sale and leaseback transactions entered into with the tenants of such properties. In five of these transactions, the tenant has been granted the option to repurchase the property at the end of the lease term or at certain specified points during the lease term, or upon the occurrence of certain other events, at a price equivalent to the residual value of the property at the time the option is exercised, determined by reference to rental payments made by the tenant. The residual value of the property determined in this manner could differ from the property's actual market value.

3. DENMARK

The Group currently has one lease agreement with Frigoscandia for both of its Danish properties.

Under Danish law, leases generally may not be terminated prior to their scheduled expiration date unless a separate agreement providing for a right to terminate has been entered into. In certain circumstances the Group has entered into such agreements, although typically its Danish leases are not terminable prior to the end of their stated term. Nevertheless, landlords do have immediate termination rights in certain circumstances, including the rent not being paid by the tenant, the tenant's neglect of the property, the landlord wishing to take over the tenancy for his own use or redevelopment. The Group's Danish lease agreement expires on 31 December 2022, with scheduled renewal options.

In Danish commercial lease agreements, generally no notice is necessary if the time of termination has been fixed. However, if the landlord still accepts the tenant's occupation of the property three months after the scheduled termination, the landlord loses the right to terminate the lease. However, in the Group's Danish lease agreement, it is specifically stipulated that both landlord and tenant must give notice at least two years before the scheduled expiration date if they do not want to renew the lease. If no such notice is given, the lease is extended for an additional five years. Furthermore, the tenant has the option to extend the lease for up to two additional ten-year terms on the same conditions. If the tenant wishes to exercise this option, notice must be given at least three years before the expiration date. Upon termination by the landlord (other than for breach), tenants have a right to compensation from the landlord for the costs of relocating, depreciation of inventory and loss of profits

during the relocation, unless specifically stipulated otherwise in the lease. Although this liability may be expressly waived by separate agreement, such waivers are not common practice. The Group has not entered into such a waiver in respect of its Danish lease. Rents in Denmark are generally fixed, although may be variable based on factors such as a percentage of turnover, and may be adjustable based on the consumer price index. Most Danish commercial leases provide for an annual rent adjustment based on the consumer price index, and the Group's lease arrangement generally follows this practice. Subletting is generally not allowed and leases are generally not assignable without the landlord's consent, although lease arrangements remain in place and binding on a new owner in the event of a sale of the property by a landlord.

The Group owns the freehold to both of its Danish properties.

4. RUSSIA

For several decades Russia had almost no formal regulation of private real estate ownership, with the result that many aspects of real estate law and practice today remain underdeveloped. Russian real estate law is now primarily based on the Civil Code of the Russian Federation ("Civil Code"), together with the Land Code of the Russian Federation ("Land Code"), the Town-Planning Code of the Russian Federation, the Federal Law on State Registration of Rights to Real Estate and Transactions Therewith, the Federal Law on Mortgages and the Federal Law on Turnover of Agricultural Land. Local practices on real estate issues vary greatly. Although Russian law recognises the right to own, use and dispose of real estate as long as neither legislation nor the lawful rights of others are contravened, it makes an important legal distinction between land and buildings, which are treated as separate legal interests.

Both the Civil Code and the Land Code permit private land ownership and the transfer of land from one person to another. The Land Code generally provides for foreigners to own land on the same terms as Russian nationals, save for certain exceptions; the most notable being prohibitions on foreigners owning land near Russia's borders and in certain other territories (defined by Federal laws), as well as prohibiting foreign ownership of agricultural land. These limitations, however, are not applicable to subsidiaries of foreign entities, except in case of agricultural land.

The Land Code establishes the procedure for privatising both state and municipally owned land. The Land Code also establishes the maximum payment which owners of buildings on the relevant plot of land may be required to make for land privatisation. Although private ownership of land is increasing, it remains rare in most parts of Russia. Most of the land earmarked for private development is currently held by investors who have acquired a lease from the state or municipal authorities, generally for a 49-year term. Buildings may generally be owned by anybody including, without any discriminatory restrictions, foreign companies. Despite the separation of the legal interest in land from the legal interest in buildings on that land, a tenant of a plot of land may also be, and often is, the owner of a building constructed on it.

Russian law provides that land and buildings thereon may be expropriated for "state or municipal needs". The owner of expropriated real estate is entitled to one year's advance notice together with payment of the full market value (or provision of a substitute land plot of comparable value) and compensation for any other losses suffered. Current court practice is to construe "state or municipal needs" narrowly, restricting expropriation to where there is an obvious need, thus limiting attempts by certain public authorities to apply the rule widely. In addition, land plots may be reserved for "state and municipal needs", in which case privatisation is prohibited during the term of the reservation, and other restrictions may be imposed. Generally, land may not be reserved for more than seven years.

An owner of a building is generally allowed to sell or lease it without any requirement to obtain state consent unless the sale or lease falls within the remit of the Federal Antimonopoly Service, in which case consent is required and the purchaser or tenant must apply for it. Where a building is sold by an owner who has leasehold rather than freehold rights to the underlying land plot, the consent of the land owner to the sale of the building may be required in certain cases.

Most real estate rights are subject to state registration. Mortgages, servitudes and (with some exceptions) leases need to be registered as encumbrances. This process is now governed by the Federal Law on State Registration of Rights to Real Estate and Transactions Therewith which came into force in January 1998 and introduced a nationwide Unified State Register of Rights ("Register of Rights"). It is possible to search the Register of Rights, although it will be some years before the Register of Rights is comprehensive and therefore totally reliable. The Civil Code requires owners of buildings to register their ownership in the Register of Rights and thereby obtain a certificate of ownership. Registration is usually only carried out in respect of a complete building. It is also

possible to register an incomplete construction but in practice this is cumbersome and very rarely happens, not least because subsequent registration of the completed building is still required. Only when registration has been completed may a building be disposed of, mortgaged or leased. Any transfer of ownership must be registered to be effective. The registration must normally be completed by the authorities within one month of receipt of any properly documented application, although delays are not uncommon.

Rights to land plots should also be registered in the Register of Rights. In addition, generally, a state cadastre number must be obtained for a land plot as a condition to selling, leasing or otherwise transferring interest in that land plot.

In theory, the sale of a building automatically gives the purchaser such rights to the land beneath and surrounding the building as are necessary for the use of the building, on the same terms as those enjoyed by the vendor. In practice, there is uncertainty with respect to the boundaries of the area surrounding the building and the terms of its use. Where the vendor of the building owns the land as well, his ownership rights to land are also transferred. Similarly, where the vendor of the building had leasehold rights to land, it normally also transfers such leasehold rights. The owner of a building located on someone else's land has a pre-emptive right to buy or lease such land.

No stamp duty is payable under Russian law, but registration and search fees are standard. Notarial fees may also be incurred in certain cases, and these are currently 1.5 per cent. of the value of the transaction although generally these fees need not be incurred in most real estate transactions. In practice, many real estate transfers are conducted as sales of shares or interests in special purpose companies that own real estate.

It is generally possible to lease land throughout Russia on terms which do not discriminate against foreign entities. Lease periods rarely run for more than 49 years, although the lease will often provide for a right of renewal on expiry, the enforceability of which might be uncertain. A land lease must be in writing and any land lease concluded for a period of one year or more must be registered in the Register of Rights. Rental rates for private land are not limited by legislation. However, where the land is owned by the state or municipality, the rates are usually those unilaterally determined from time to time by such state or municipality for a particular, usually relatively wide, geographic area. The transfer of ownership of land will not change the terms of a land lease relating to it. Owners of buildings are generally allowed to lease them without any requirement for state approval, so long as they do not infringe the anti-monopoly rules. A lease of a building or any portion thereof (including leases of commercial or other space in the ordinary course of business) for more than a year must be registered in the Register of Rights.

Under Russian law, a mortgage is a form of security taken over real estate to ensure due payment of money owed or proper performance of any other obligation. If the debtor defaults, the mortgagee can apply to the courts for the sale of the real estate and for the settlement of its claim out of the proceeds. A mortgagee has preferential rights over other kinds of commercial creditors (except some classes of creditors, such as unpaid employees and certain tax payments, which have priority). A building may only be mortgaged together with the mortgage of freehold or leasehold rights to the underlying land plot. As long as the mortgage is properly entered on the Register of Rights as an encumbrance, it will bind any subsequent owner of the real estate affected. The enforcement of mortgages is not always consistent.

PART VII
THE COMPANY'S LISTINGS

1. EURONEXT LISTING

1.1 Listing agreement

The listing agreement will be entered into on or about 17 December 2007 between the Company and Euronext Amsterdam. Under this agreement the Company has agreed to:

- (a) comply with the rules that apply to companies whose shares have been admitted to listing on Eurolist by Euronext (the "Euronext Rules");
- (b) pay the fees stipulated in the Euronext Rules governing handling, admission and annual listing charges; and
- (c) make available to the public its annual report by the laws of the Netherlands.

The listing agreement is governed by the laws of the Netherlands.

1.2 Dealings

Application has been made for all the Shares to be admitted to listing on Euronext Amsterdam under the symbol NEPR. It is expected that Euronext Admission will become effective and that dealings in the Shares on Euronext Amsterdam will commence on or about 18 December 2007.

1.3 Clearing and Settlement

The Shares are currently traded in certificated and uncertificated form on the AIM market of the London Stock Exchange. Those Shares that are traded in uncertificated form on the LSE are held in CREST.

In addition, the Shares are entered into the collection deposit (*verzameldepot*) and/or giro depot (*girodepot*) on the basis of the Dutch Securities Giro Act (*Wet Giraal Effectenverkeer*). Application has been made for the Shares to be accepted for clearance through the book-entry facilities of Euroclear Netherlands. In order to trade Shares on Euronext Amsterdam, an investor must hold its Shares through an Admitted Institution of Euroclear Nederland. Investors who wish to trade their Shares on Euronext Amsterdam must have or must open an account directly or by way of an intermediary with an Admitted Institution and then elect to transfer their Shares to the CREST account of Euroclear Nederland.

The address of Euroclear Netherlands is:

Damrak 70, 1012 LM Amsterdam.

ISIN Code: JE00B1G3KL02

Security Code: 614764

1.4 Securities Laws

The distribution of this document and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdictions.

1.5 Dutch Market Regulation

The market regulator in the Netherlands is the AFM insofar as the supervision of market conduct is concerned. The AFM has, amongst others, supervisory powers with respect to the publication of information by listed companies, the application of market abuse regulations, takeover regulations and regulations relating to the disclosure of shareholdings. It also supervises financial institutions, such as investment firms and collective investment schemes. The AFM is also the competent authority for approving prospectuses published for admission of securities to trading on Euronext Amsterdam, except for prospectuses approved in other member states of the EEA that are used in the Netherlands in accordance with applicable passporting rules. The surveillance units of Euronext Amsterdam and the AFM monitor and supervise all trading operations.

1.6 Major shareholdings and other disclosures under Dutch law

Shareholders' obligations to disclose capital interest and voting rights

Holders of Shares may be subject to reporting obligations under Chapter 5.3. of the WFT. An ultimate beneficial owner of Shares is required to notify the AFM of its capital interest or voting rights forthwith after admission of the Shares to listing on Euronext Amsterdam if, at the time of such admission, such person holds a capital interest or voting rights amounting to at least 5 per cent. of the aggregate share capital or voting rights of the Company, provided that such person is aware of its capital interest or voting rights meeting this threshold (or is deemed to be aware thereof).

Furthermore, after such admission, an ultimate beneficial owner of Shares is required to notify the AFM forthwith if it acquires or disposes of an interest in the Company's capital or voting rights and, as a result thereof, the percentage of capital interest or voting rights held by such person meets, exceeds, or falls below any of the following thresholds: 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 40 per cent., 50 per cent., 60 per cent., 75 per cent. and 95 per cent.

A notification obligation shall also apply if a person's capital interest or voting rights meets, exceeds or falls below one of the above thresholds as a consequence of a change in the Company's share capital or voting rights. Such notification shall have to be made forthwith, and in any event no later than on the fourth trading day after the AFM's publication of the Company's notification of such event.

If a person's interest is varied due to a change in the composition of such person's capital interest (e.g. a potential interest has for instance been converted into an actual interest) and was not obliged to notify this variation, such person must update its registration with the AFM within four weeks after the end of the calendar year as long as it holds at least 5 per cent. of the capital interest or voting rights.

Notification to the AFM must be made by means of a standard form, in writing or electronically. The AFM keeps a public register of all notifications made pursuant to the WFT.

Disclosure obligations for the Company

Under the WFT, at the moment that the Company's shares will be listed on Euronext Amsterdam, the Company must disclose to the AFM its issued share capital and its voting rights forthwith. After the admission, the Company is obliged to notify the AFM forthwith if its share capital or voting rights change by 1 per cent. or more as a result of modifications to its share capital or voting rights since its previous notification. The Company may notify the AFM of any other changes in its share capital at any time, but it must at least notify the AFM of such changes quarterly. In this respect, the Company is obliged to notify the AFM of any changes in its share capital which have occurred during the past quarter within eight days after the calendar quarter has ended.

Disclosure obligations for Directors

The Directors and any other person discharging day-to-day co-managerial responsibilities or having the authority to make decisions affecting the Company's future developments and business prospects and having regular access to inside information relating, directly or indirectly, to the Company, are required to notify the AFM of the existence of transactions conducted for their own account in Shares or in other financial instruments issued by the Company, the value of which is determined by the value of the Shares.

Pursuant to the WFT, persons who are closely associated with these persons are also required to notify the AFM of the existence of any transactions conducted for their own account in Shares or in other financial instruments issued by the Company, the value of which is determined by the value of the Shares. The following categories of persons are considered closely associated: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, (iv) any legal person, trust or partnership, amongst other things, whose managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above. In these instances, notifications may be postponed until the date the value of the transactions amounts to €5,000 or more per calendar year.

One or more holders of shares in the capital of a Company that have the disposal, either individually or jointly, of a substantial holding (i.e. at least five percent of the issued capital or the voting rights) or a special right under the articles of association are authorized to take legal action, as is the Company itself.

The court may take the following measures:

- (i) order a person to make the disclosure in accordance with the Act on Financial Supervision;
- (ii) suspend the exercising of voting rights for a period to be determined by the court, up to a maximum of three years;
- (iii) suspend a resolution of the general meeting of shareholders of the Company until an irrevocable decision has been taken on a measure as referred to under (iv);
- (iv) annul a resolution of the general meeting of shareholders of the Company insofar as it is likely that this resolution would not have been passed if the voting rights at the disposal of the offender had not been exercised; and
- (v) order the offender to refrain from obtaining shares in the capital of the Company or of votes conferred by the issued capital of that Company for a period to be determined by the court, up to a maximum of five years.

1.7 Regulations on insider trading

The Company is required to apply a code of conduct in respect of the applicable insider trading rules and reporting obligations in respect of transactions in financial instruments issued by the Company and to draw up a list of persons working for the Company, as employees or otherwise, who could have access to inside information on a regular or incidental basis, to regularly update this list of persons and to inform persons on this list about the relevant prohibitions and sanctions in respect of insider information and market abuse. The Company shall adopt such a code of conduct and insider list prior to the admission to listing on Euronext Amsterdam.

1.8 Non-compliance

In case of non-compliance with the WFT, the AFM may take enforcement action (i.e. if a person makes an incorrect disclosure or wrongly failed to make a disclosure). The AFM may impose administrative fines and issue injunctions. Furthermore, the AFM is in principle obliged to publish the fact that it imposes an administrative fine and/or issues an injunction, mentioning the name of the offender. In addition, in the case of non-compliance with certain disclosure obligations, the AFM may hand over the dossier to the public prosecutor's office, since non-compliance with these requirements qualifies as a criminal offence.

2. AIM LISTING

The Directors will review the need for the Company to maintain its listing on AIM in early 2008 and will communicate any changes in due course thereafter.

3. SELLING RESTRICTIONS

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Shares by any person in any jurisdiction (a) in which such offer or invitation is not authorised; or (b) in which the person making such offer or invitation is not qualified to do so; or (c) to any person to whom it is unlawful to make such offer or invitation. The distribution of this document and the offering of the Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this document comes are required by the Company to inform themselves about and to observe any restrictions as to the offer or sale of Shares and the distribution of this document under the laws and regulations of any territory in connection with any applications for Shares in the Company, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company, the Financial Adviser, the Listing Agent, the Manager or the Administrator that would permit a public offering of the Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required.

PART VIII
TAXATION CONSIDERATIONS

1. GENERAL

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current revenue law and practice in Jersey, the United Kingdom and the United States, which is subject to change possibly with retrospective effect. The following summary does not therefore constitute legal or tax advice and applies only to persons beneficially holding Shares as an investment.

An investment in the Company involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Company will have investments or in Jersey (or in any other country in which a subsidiary of the Company through which investments are made, is located), or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Company to investors.

Prospective investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, converting or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

2. JERSEY TAXATION

2.1 The Company

The Company is an exempt company in Jersey under the provisions of Article 123(A) of the Income Tax (Jersey) Law 1961 (as amended) for the calendar year ending 31 December 2007. As an exempt company, the income and capital gains of the Company other than income arising in respect of profits of a trade carried on through an established place of business in Jersey (excluding, by concession, interest arising from Jersey bank and building society deposits) is exempt from taxation in Jersey.

Exemption must be applied for annually and will be granted, subject to the payment of an annual fee which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption.

The Income Tax (Amendment No. 28) (Jersey) Law (the "Tax Amendment Law") was registered by the Royal Court in Jersey on 22 June 2007 and accordingly is now in force. The Tax Amendment Law provides that, subject to certain transitional provisions, from 1 January 2009, the general basic rate of income tax on the profits of companies regarded as resident in Jersey or having a permanent establishment in Jersey, will be zero per cent. and that only certain financial services companies which are regulated by the Commission under the Financial Services (Jersey) Law 1998, the Banking Business (Jersey) Law 1991 or the Collective Investment Funds (Jersey) Law 1988, shall be subject to income tax at a rate of 10 per cent.

In 2008 it is proposed that a Goods and Services Tax ("GST") will be introduced in Jersey.

2.2 The Shareholders

There is a statutory requirement for the Company to deduct income tax from dividends paid to Jersey resident Shareholders and to account for such income tax deducted to the Comptroller of Income Tax. In addition, the Company is required to make a return to the Comptroller, on request, of the names, addresses and shareholdings of Jersey resident Shareholders.

Shareholders who are not resident for income tax purposes in Jersey are not subject to taxation in Jersey in respect of any income or gains arising in respect of Shares held by them. Shareholders who are resident for income tax purposes in Jersey will be subject to income tax in Jersey on any dividends paid on Shares held by them or on their behalf. The attention of Jersey resident investors is drawn to Article 134A of the Income Tax (Jersey) Law 1961 (as amended), the effect of which may be to render such a resident liable to income tax on any undistributed income or profits of the Company.

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty or other transfer tax is levied in Jersey on the issue or transfer of Shares. In the event of the death of an individual sole Shareholder, duty at rates of up to 0.75 per cent. of the value of the Shares held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Shares held by the deceased individual sole Shareholder.

2.3 European Union Directive on the Taxation of Savings Income (the “EU Savings Tax Directive”)

Jersey is not subject to the EU Savings Tax Directive. However, in keeping with Jersey’s policy of constructive international engagement and in line with steps taken by other relevant third countries and territories, the States of Jersey introduced with effect from 1 July, 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey (the terms “beneficial owner” and “paying agent” are defined in the EU Savings Tax Directive). The retention tax system will apply for a transitional period prior to the implementation of a system of automatic information exchange with EU Member States regarding such payments. During the transitional period, an individual beneficial owner resident in an EU Member State who does not wish interest payments to be subject to the retention tax system is entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident. The transitional period will end only after all EU Member States and other relevant third countries and territories have agreed to automatic exchange of information and the EU Member States unanimously agree that the United States of America has committed to exchange of information upon request as defined in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters.

The retention tax system and the disclosure arrangements are implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey.

Based on these provisions and the current practice of the Jersey tax authorities dividend distributions to Shareholders by the Company and income realised by Shareholders upon the sale, refund or redemption of Shares do not constitute interest payments for the purposes of the retention tax system and therefore neither the Company nor any paying agent appointed by them in Jersey is obliged to levy retention tax in Jersey under these provisions in respect thereof.

However, the retention tax system could apply in the event that an individual resident in an EU Member State, otherwise receives an interest payment in respect of a debt claim (if any) owed by the Company to the individual.

3. UNITED KINGDOM TAXATION

3.1 The Company

The Directors aim to conduct the affairs of the Company in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Company. This includes conducting the affairs of the Company so that it does not become resident in the U.K. for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the U.K. (whether or not through a permanent establishment situated therein), the Company will not be subject to U.K. income tax or corporation tax other than on U.K. source income.

3.2 The Shareholders

(a) Disposal of Shares

The Company is a closed-ended company incorporated in Jersey and therefore the Company should not as at the date of the document be a “collective investment scheme” as defined in FSMA. Accordingly, the provisions of sections 757 to 764 of the Income and Corporation Taxes Act 1988 (the “Taxes Act”) should not apply. For so long as the Company is not a collective investment scheme, any disposal of Shares by a Shareholder may give rise to a chargeable gain for United Kingdom tax purposes rather than taxable income.

(i) U.K. resident Shareholders

A disposal of Shares by a Shareholder who is (at any time in the relevant United Kingdom tax year) resident or, in the case of an individual, ordinarily resident in the United Kingdom for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation on chargeable gains (including by reference to changes in the Sterling/Euro exchange rate), depending on the Shareholder’s circumstances and subject to any available exemption or relief.

(ii) Non-U.K. resident Shareholders

A Shareholder who is not resident in the United Kingdom for tax purposes but who carries on a trade in the United Kingdom through a branch or agency (or in the case of a company, a permanent establishment) may be subject to United Kingdom taxation on chargeable gains on a disposal of Shares which are acquired for use by or for the purposes of the branch or agency (or in the case of a company, a permanent establishment). A Shareholder who is an individual who has ceased to be resident or ordinarily resident in the United Kingdom for tax purposes for a period of less than five years of assessment and who disposes of Shares during that period may also be liable, on his return to the United Kingdom, to United Kingdom taxation on chargeable gains (subject to any available exemption or relief). It should be noted that the U.K. Finance (No. 2) Act 2005 contains provisions to deal with individuals who are resident or ordinarily resident in the U.K. but fall to be regarded as resident in a territory outside the U.K. for the purposes of double taxation relief arrangements.

(b) Income from the Company

According to their personal circumstances, Shareholders resident in the United Kingdom for tax purposes will be liable to income tax or corporation tax in respect of dividend or other income distributions of the Company. Where investments of the Company are distributed *in specie* to Shareholders other than by way of dividend, such distributions may represent a part-disposal of Shares for United Kingdom tax purposes.

(c) Anti-avoidance

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Sections 739 to 745 of the Taxes Act. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Company on an annual basis.

The Taxes Act also contains provisions which subject certain United Kingdom resident companies to corporation tax on profits of companies not so resident in which they have an interest. The provisions may affect United Kingdom resident companies which are deemed to be interested (together with any connected or associated persons) in at least 25 per cent. of the profits of a non-resident company which is controlled (or almost controlled) by residents of the United Kingdom and which does not distribute substantially all of its income and is resident in a low tax jurisdiction such as Jersey. This legislation may apply to tax amounts attributable to U.K. resident corporate Shareholders who (together with any connected or associated persons) hold at least 25 per cent. of the Shares (or are otherwise deemed to hold at least 25 per cent. of the profits of the relevant company) even if the relevant profits are not distributed to them. The legislation is not directed towards the taxation of chargeable gains. HM Revenue & Customs has recently issued a discussion paper on the taxation of the foreign profits of companies. Proposals are included which would, if implemented, extend the regime to shareholders with interests of 10 per cent. or more and would also encompass the chargeable gains made by foreign companies.

It is anticipated that the shareholdings in the Company will be such as to ensure that the Company would not be a close company if resident in the United Kingdom. If, however, the Company were to be such that it would be close if resident in the United Kingdom as described, tax consequences could apply including that chargeable gains accruing to a member of the Group may be apportioned to certain United Kingdom resident or, in the case of an individual, ordinarily resident Shareholders who may thereby become chargeable to capital gains tax or corporation tax on chargeable gains on the gains apportioned to them (notwithstanding that the relevant disposal may have been exempt in the jurisdiction of the disposing company). There will be no such attribution of gains to Shareholders in the Company where the Shareholder and persons connected with him do not fall, under the relevant apportionment rules, to receive more than one tenth of the gain.

(d) Stamp duty and stamp duty reserve tax

The following comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and do not relate to persons such as market makers, brokers, dealers or intermediaries or where the Shares are issued to a depository or clearing system or its nominee or agent. No United Kingdom stamp duty or stamp duty reserve tax will be payable on the issue of the Shares. No United Kingdom stamp duty will be payable on the transfer of the Shares, provided that any instrument of transfer is not executed in the United Kingdom and does not relate to any property situated, or to any matter or thing done or to be done, in the United Kingdom. Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company and

that the Shares are not paired with shares issued by a company incorporated in the United Kingdom, any agreement to transfer the Shares will not be subject to United Kingdom stamp duty reserve tax.

4. UNITED STATES TAXATION

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Shares that will hold the Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Shares by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

The Company expects to be treated as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes because of the composition of its assets and nature of its income. The Company’s status as a PFIC will subject U.S. Holders to adverse U.S. federal income tax consequences. While there is an exception to the PFIC rules for rents derived from an active business, the Company does not expect to conduct its activities in a manner to qualify for this exception.

As used herein, the term “U.S. Holder” means a beneficial owner of Shares that is, for U.S. federal income tax purposes, (a) a citizen or resident of the United States, (b) an entity treated for U.S. federal income tax purposes as a corporation or a partnership created or organised under the laws of the United States or any State thereof or the District of Columbia, (c) an estate the income of which is subject to United States federal income tax without regard to its source or (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Shares by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

4.1 Dividends

Taxation of dividends, in very general terms, will vary depending on whether a U.S. Holder has made a timely QEF election as described below. See “Passive Foreign Investment Company Considerations” below. If a timely QEF election has been made, dividends should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the controlled foreign corporation (“CFC”) rules, if applicable) and to this extent will not be taxable to U.S. Holders. Dividends in excess of amounts previously taxed pursuant to a QEF election (or pursuant to the CFC rules, if applicable) will be taxable to U.S. Holders as ordinary income upon receipt to the extent of any remaining amounts of untaxed current and accumulated earnings and profits of the Company. Dividends in excess of any current and accumulated earnings and profits will be treated first as a non-taxable reduction to the U.S. Holder’s tax basis for the Shares to the extent thereof and then as capital gain.

In the event that a U.S. Holder does not make a timely QEF election, then except to the extent that dividends may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any dividends with respect to the Shares may constitute excess distributions, taxable as described under “Passive Foreign Investment Company Considerations” below. Dividends received from a foreign corporation generally will be treated as income from sources outside the United States for U.S. foreign tax credit limitation purposes.

Dividends paid in pounds sterling will be included in the gross income of a U.S. Holder in an amount equal to the U.S. dollar value of pounds sterling on the date of receipt, regardless of whether the pounds sterling are converted into U.S. dollars at that time. If dividends received in pounds sterling are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

The Company holds its properties through real property companies. Certain of these real property companies will be treated as separate corporations. See “Section 4.4 Passive Foreign Investment Company Considerations” below. To the extent the Company receives distributions from any of its subsidiaries treated as separate corporations, each shareholder will be deemed to receive a pro rata share of that distribution. Further, each real property company that is treated as a separate corporation is also expected to be treated as a PFIC and shareholders will be deemed to directly own interests in multiple PFICs through ownership of Shares.

4.2 Sale or Other Disposition

A U.S. Holder that purchases the Shares with Euros generally will recognise U.S. source ordinary income or loss in an amount equal to the difference (if any) between the U.S. dollar fair market value of the Euro used to purchase the Shares determined at the spot rate of exchange in effect on the date of purchase of the Shares and such U.S. Holder’s tax basis in the Euro. In general, a U.S. Holder of a Share will recognise a gain or loss upon the sale, exchange, redemption, retirement or other taxable disposition of a Share equal to the difference between the amount realised and such U.S. Holder’s adjusted tax basis in the Shares. Except as discussed below, such gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the U.S. Holder held the Shares for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential treatment for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited. Any gain or loss recognised by a U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of the Shares generally will be treated as from sources within the United States.

Initially, a U.S. Holder’s tax basis for its Shares will equal the cost of such Shares to such U.S. Holder. The cost of a Share to a U.S. Holder will be the U.S. dollar value of the Euro purchase price based on the spot rate of exchange in effect on the date of purchase. Such basis will be increased by amounts taxable to such U.S. Holder by virtue of QEF elections, related to the Company or any of its subsidiaries treated as PFICs, deemed contributions of distributions received by the Company from any of its subsidiaries treated as separate corporations that are taxable to the shareholder, or by virtue of the CFC rules, as applicable, and decreased by actual distributions from the Company that are deemed to consist of such previously taxed amounts or are treated as a non-taxable reduction to the U.S. Holder’s tax basis for the Share. If a U.S. Holder receives Euros on the sale or other taxable disposition of its Shares, the amount realised in U.S. dollars generally will be based on the spot rate of exchange in effect on the date of the sale or other taxable disposition.

If a U.S. Holder does not make a timely QEF election as described below, any gain realised on the sale, exchange, redemption, retirement or other taxable disposition of the Shares (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described below. See “Passive Foreign Investment Company Considerations”.

If the Company were treated as a CFC and a U.S. Holder were treated as a “U.S. Shareholder” therein, then any gain realised by such U.S. Holder upon the disposition of the Shares, other than gain constituting an excess distribution under the PFIC rules, if applicable, would be treated as ordinary income to the extent of the U.S. Holder’s share of the current or accumulated earnings and profits of the Company. In this regard, earnings and profits would not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules, as applicable.

4.3 Foreign Currency

A U.S. Holder’s tax basis in a Share will generally be its U.S. dollar cost. The U.S. dollar cost of a Share purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Shares traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Foreign currency received on the sale or other disposition of a Share will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Shares or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

The amount realised on a sale or other disposition of Shares for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

4.4 Passive Foreign Investment Company Considerations

In general, a U.S. Holder of Shares may desire to make an election to treat the Company as a qualified electing fund (“QEF”) with respect to such U.S. Holder. Generally, a QEF election should be made with the filing of a U.S. Holder’s federal income tax return for the first taxable year for which it held the Shares. If a timely QEF election is made for the Company, an electing U.S. Holder will be required in each taxable year to include in gross income (i) as ordinary income, such holder’s pro rata share of the Company’s ordinary earnings and (ii) as long-term capital gain, such holder’s pro rata share of the Company’s net capital gain, whether or not distributed and translated into U.S. dollars using the average U.S. dollar exchange rate for the Euro for the Company’s taxable year. A U.S. Holder will recognise foreign currency gain or loss attributable to the difference between the average U.S. dollar exchange rate used to determine such Holder’s share of previously taxed earnings and the U.S. dollar exchange rate at the actual time of distribution of such previously taxed earnings. Any foreign currency gain or loss will be ordinary gain or loss to a U.S. Holder. A U.S. Holder will not be eligible for the dividends received deduction with respect to such income or gain. In addition, any losses of the Company in a taxable year will not be available to such U.S. Holder and may not be carried back or forward in computing the Company’s ordinary earnings and net capital gain in other taxable years. An amount included in an electing U.S. Holder’s gross income should be treated as income from sources outside the United States for U.S. foreign tax credit limitation purposes. If applicable to a U.S. Holder of Shares, the rules pertaining to a controlled foreign corporation generally override those pertaining to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, U.S. shareholders may also be permitted to elect to defer payment of some or all of the taxes on the QEF’s income subject to an interest charge on the deferred amount. As a result, the Company may have in any given year substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the Shares. Thus, absent an election to defer payment of taxes, U.S. Holders that make a QEF election with respect to the Company may owe tax on significant “phantom” income.

The Company intends to provide, upon request, the information and documentation that a U.S. Holder making a QEF election is required to obtain for U.S. federal income tax purposes. In providing such information and documentation, the Company must calculate its income using U.S. federal income tax principles. Due to the

nature of the Company's business, the Company may make purchase price allocations among various depreciable and non-depreciable assets, and other determinations which may be challenged by the U.S. Internal Revenue Service. A U.S. Holder of Shares (other than certain U.S. Holders that are subject to the rules pertaining to a controlled foreign corporation with respect to the Company) that does not make a timely QEF election will be required to report any gain on disposition of any Shares as if it were an excess distribution, rather than capital gain, and to compute the tax liability on such gain and any excess distribution received with respect to the Shares as if such items had been earned ratably over each day in the U.S. Holder's holding period (or a certain portion thereof) for the Shares. The U.S. Holder will be subject to tax on such items at the highest ordinary income tax rate for each taxable year, other than the current year of the U.S. Holder, in which the items were treated as having been earned, regardless of the rate otherwise applicable to the U.S. Holder. Further, such U.S. Holder will also be liable for an additional tax equal to interest on the tax liability attributable to income allocated to prior years as if such liability had been due with respect to each such prior year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganisations and use of the Shares as security for a loan may be treated as a taxable disposition of the Shares. Very generally, an "excess distribution" is the amount by which distributions during a taxable year with respect to the Shares exceed 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the Shares). In addition, a stepped-up basis in the Shares upon the death of an individual U.S. Holder may not be available.

In many cases, application of the tax on gain on disposition and receipt of excess distributions will be substantially more onerous than the treatment applicable if a timely QEF election is made. ACCORDINGLY, U.S. HOLDERS OF SHARES SHOULD CONSIDER CAREFULLY WHETHER TO MAKE A QEF ELECTION WITH RESPECT TO THE SHARES AND THE CONSEQUENCES OF NOT MAKING SUCH AN ELECTION.

In addition, the Company will own its assets through various direct and indirect subsidiaries. Generally, if the Company holds equity interests in a corporation that itself is considered a corporation for U.S. federal income tax purposes, a U.S. Holder will be considered to directly own such Holder's proportionate share of such equity interests in the underlying corporation. Such U.S. Holders will be subject to additional PFIC reporting requirements with respect to each underlying corporation treated as a PFIC and may also be subject to adverse tax consequences, including the issuance of additional Shares being viewed as resulting in the disposition of a U.S. Holder's proportionate share of any underlying PFIC interests to the acquirer of such additional Shares. U.S. Holders may recognise gain from the deemed sale of any underlying PFIC interests.

To minimise the consequences of owning interests in numerous underlying PFICs to U.S. Holders, the Company has made an election for most of its subsidiaries to be treated as either a disregarded entity or partnership for U.S. federal income tax purposes. The Company expects to make the election for any future subsidiaries created or acquired to facilitate ownership of real properties, so long as such elections would not otherwise result in adverse tax consequences for the Group. If a subsidiary is ineligible to make an election for any reason or the Company does not make an election for a subsidiary, a U.S. Holder of the Shares would be subject to additional reporting requirements and adverse tax consequences as described above as such subsidiary is expected to be treated as a separate PFIC for U.S. federal income tax purposes. As of the end of 2006, the Company had nine real property companies for which such an election had not been made and accordingly that are required to be treated as separate corporations, each of which the Company expects to be treated as a PFIC. The Company has acquired three further real property companies to date in 2007 which the Company expects will be treated as separate PFICs. The Company intends to provide to U.S. Holders the information necessary to make a QEF election with respect to each such subsidiary.

As the Company is expected to acquire assets indirectly through ownership of other real property companies, the Company's tax basis in the assets for U.S. federal income tax purposes will be based on each real property company's depreciated tax basis (determined according to U.S. tax principles) in the related asset. It is expected that the depreciated tax basis will be substantially lower than the current fair market value of the asset. As a result, U.S. Holders may recognise substantially more taxable income for U.S. federal income tax purposes than if the assets had a tax basis equal to their fair market value at the time of acquisition by the Company.

U.S. Holders may be able to avoid some of the adverse tax consequences described above by making a mark to market election with respect to the Shares, provided that the Shares are "marketable". The Shares will be marketable if they are regularly traded. The Shares will be considered regularly traded during any calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. There can be no assurance that trading volumes will be sufficient to permit a mark to market election. In addition, because a

mark to market election with respect to the Company does not apply to any equity interests in lower-tier PFICs the Company owns, a U.S. Holder generally will continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by the Company that are treated as equity interests in a PFIC for U.S. federal income tax purposes. As a mark to market election may not be made with respect to an underlying PFIC, U.S. Holders may recognise more income with respect to each such underlying PFIC than in the absence of a mark to market election. Furthermore, because the issuance of additional Shares may be viewed as resulting in the disposition of a U.S. Holder's proportionate share of any underlying PFIC interests to the acquirer of such additional Shares, U.S. Holders may recognise gain from the deemed sale of the underlying PFIC interests. Therefore, U.S. Holders should consult their tax advisers regarding the availability and desirability of a mark to market election.

A U.S. Holder that makes a mark to market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the Shares at the close of the taxable year over the U.S. Holder's adjusted basis in the Shares. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the Shares over the fair market value of the Shares at the close of the taxable year, but this deduction is allowable only to the extent of any net mark to market gains for prior years. Gains from an actual sale or other disposition of the Shares (including the indirect disposition of any underlying assets upon the issuance of additional Shares) will be treated as ordinary income, and any losses incurred on a sale or other disposition of the Shares will be treated as an ordinary loss to the extent of any net mark to market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the Shares cease to be marketable. If the Company is a PFIC for any year in which the U.S. Holder owns Shares but before a mark to market election is made, the interest charge rules described above will apply to any mark to market gain recognised in the year the election is made.

Regardless of whether a mark to market election is made, a U.S. Holder must file an annual return on Internal Revenue Service Form 8621, reporting distributions received and gains realised with respect to each PFIC in which it holds a direct or indirect interest. Prospective investors should consult their tax advisers regarding the potential application of the PFIC regime.

4.5 Controlled Foreign Corporation Rules

If a U.S. Holder acquires 10 per cent. or more of the Shares, the U.S. Holder will have additional IRS reporting obligations and the Company may also be a controlled foreign corporation. In general, the rules that apply to a controlled foreign corporation supersede the PFIC rules. Prospective investors acquiring 10 per cent. or more of the Shares should consult their tax advisers regarding the additional IRS reporting obligations and the potential application of the controlled foreign corporation rules.

4.6 Tax Treatment of Tax-Exempt U.S. Holders

U.S. Holders which are tax-exempt entities ("Tax-Exempt U.S. Holders") should not be subject to the tax on unrelated business taxable income ("UBTI") with respect to regular distributions or excess distributions on the Shares unless such Shares are considered debt financed by such entity. A Tax-Exempt U.S. Holder subject to the tax on UBTI with respect to income from the Shares will be taxed on excess distributions. Such a Tax-Exempt U.S. Holder will be permitted, and should consider whether, to make a QEF election with respect to the Company. Tax-Exempt U.S. Holders should consult their own tax advisers regarding an investment in the Shares.

4.7 Tax Return Disclosure and Investor List Requirements

Any person that files a U.S. federal income tax return or U.S. federal information return and participates in a reportable transaction in a taxable year is required to disclose certain information on IRS Form 8886 (or its successor form) attached to such person's U.S. tax return for such taxable year (and also file a copy of such form with the IRS's Office of Tax Shelter Analysis) and to retain certain documents related to the transaction. In addition, under these regulations, under certain circumstances, certain organisers and sellers of a reportable transaction will be required to maintain lists of participants in the transaction containing identifying information, retain certain documents related to the transaction, and furnish those lists and documents to the IRS upon request. Recently adopted legislation imposes significant penalties for failure to comply with these disclosure and list-keeping requirements. The definition of reportable transaction is highly technical. However, in very general terms, a transaction may be a "reportable transaction" if, among other things, it is offered under conditions of confidentiality or it results in the claiming of a loss for U.S. federal income tax purposes in excess of certain threshold amounts.

In this regard, in order to prevent the transactions described herein from being treated as offered under conditions of confidentiality, the Investment Manager, the Sub-Manager, the Company and the holders and beneficial owners of the Shares (and each of their respective employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions described herein and all materials of any kind (including opinions or other tax analyses) that are provided to them relating to such U.S. tax treatment and U.S. tax structure. However, any such disclosure of the tax treatment, tax structure and other tax-related materials shall not be made for the purpose of offering to sell the Shares offered hereby or soliciting an offer to purchase any such Shares. For purposes of this paragraph, the terms “tax treatment” and “tax structure” have the meaning given to such terms under Treasury Regulation Section 1.6011-4(c) and any analogous U.S. state or local law. In general, the tax treatment of a transaction is the purported or claimed U.S. tax treatment of the transaction under applicable U.S. federal, state and local law and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. tax treatment of the transaction under applicable U.S. federal, state and local law.

If the Company or any subsidiary treated as a separate corporation participates in a reportable transaction, a U.S. Holder of the Shares that is a “reporting shareholder” of the Company will be treated as participating in the transaction and will be subject to the rules described above. Although most of the Company’s and its subsidiaries’ activities generally are unlikely to give rise to “reportable transactions”, it is nonetheless possible that the Company or any subsidiary treated as a separate corporation will participate in certain types of transactions that could be treated as reportable transactions. A U.S. Holder of Shares will be treated as a reporting shareholder of the Company or any subsidiary treated as a separate corporation if (a) such U.S. Holder owns 10 per cent. or more of the Shares and makes a QEF election with respect to the Company or (b) the Company is treated as a CFC and such U.S. Holder holds 10 per cent. or more the Shares.

Prospective investors in the Shares should consult their own tax advisers concerning any possible disclosure obligations with respect to their ownership or disposition of the Shares in light of their particular circumstances.

4.8 Backup Withholding and Information Reporting

Payments of dividends and other proceeds with respect to Shares by a U.S. paying agent or other U.S. intermediary to a U.S. Holder may be reported to the U.S. Internal Revenue Service and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to reportable payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. The U.S. Holder may credit amounts withheld against its U.S. federal income tax liability and claim a refund for amounts in excess of its tax liability if the required information is provided to the U.S. Internal Revenue Service. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

4.9 Transfer Reporting Requirements

A U.S. Holder who purchases Shares may be required to file Form 926 (or similar form) with the IRS if the purchase, when aggregated with all transfers of cash or other property made by the U.S. Holder (or any related person) to the Company within the preceding 12-month period, exceeds U.S.\$ 100,000 (or its equivalent). A U.S. Holder who fails to file any such required form could be required to pay a penalty equal to 10 per cent. of the gross amount paid for the Shares (subject to a maximum penalty of U.S.\$ 100,000, except in cases of intentional disregard). U.S. Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the Shares.

PART IX
IMPORTANT INFORMATION ABOUT U.S. RESTRICTIONS

1. ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) imposes certain requirements on “employee benefit plans” (as defined in and subject to Section 3(3) of ERISA), including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans and on those persons who are fiduciaries with respect to such employee benefit plans.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of employee benefit plans subject to ERISA (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts or entities the underlying assets of which are considered to include “plan assets” of such employee benefit plans or plans) (collectively, “ERISA Plans”) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such ERISA Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

Governmental plans and certain church plans and non-U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state, local or other U.S. laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel and may not purchase any Shares.

The U.S. Department of Labor has promulgated regulations, 29 C.F.R. Section 2510.3-101 (the “Plan Asset Regulations”), describing what constitutes the assets of an ERISA Plan with respect to the ERISA Plan’s investment in an entity for purposes of certain provisions of ERISA and Section 4975 of the Code, including the fiduciary responsibility provisions of Title I of ERISA and Section 4975 of the Code. Under the Plan Asset Regulations, if an ERISA Plan invests in an “equity interest” of an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established that the entity is an “operating company” or that equity participation in the entity by “benefit plan investors” is not “significant.” The Plan Asset Regulations define an “equity interest” as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. Equity participation in an entity by “benefit plan investors” is “significant” and will cause the assets of such entity to be deemed the assets of an investing ERISA Plan (in the absence of another applicable Plan Asset Regulations exception) if 25 per cent. or more of the value of any class of equity interest in the entity is held by “benefit plan investors”. Equity participation in the Company by “benefit plan investors” is “significant” and will cause the assets of the Company to be deemed the assets of an investing Plan (in the absence of another applicable Plan Asset Regulations exception) if 25 per cent. or more of the value of any class of equity interest in the Company is held by “benefit plan investors”. Recently, Section 3(42) of ERISA, as enacted under the Pension Protection Act of 2006 effectively amended the definition of “benefit plan investors” in the Plan Asset Regulations as it applies in determining whether equity interests in a Company are “significant.” Employee benefit plans and plans that are not subject to either Title I of ERISA or Section 4975 of the Code, such as U.S. governmental and church plans and non-U.S. plans, are no longer considered “benefit plan investors”, and only employee benefit plans subject to Title I of ERISA or Section 4975 of the Code or any entity in which such plans invest are considered in determining whether investment by “benefit plan investors” represents 25 per cent. or more of any class of equity of the Company. As a result, the term “benefit plan investor” now means (a) an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the fiduciary responsibility provisions of Title I of ERISA, (b) a plan as defined in Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code or (c) any entity whose underlying assets include “plan assets” by reason of any such employee benefit plan’s or plan’s investment in the entity (or as such term is otherwise defined in regulations promulgated by the U.S. Department of Labor under Section 3(42) of ERISA) (collectively “Benefit Plan Investors”). The Shares would likely be considered to have substantial equity features under the Plan Asset Regulations. In order to not exceed the 25 per cent. limit referred to above, no Benefit Plan Investor shall be permitted to acquire the Shares in the initial offering or thereafter. Therefore, the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code should not be applicable to the Company. An unlimited number of other types of employee benefit plans, such as governmental or non-U.S. plans may invest in the Shares as their investment is disregarded for these purposes. However, employee benefit

plans that are subject to provisions under applicable U.S. federal, state, local or other U.S. laws or regulations that are substantially similar to ERISA or Section 4975 of the Code may not invest in the Shares.

Any purchaser that is an insurance company using the assets of an insurance company general account should note that, pursuant to regulations issued pursuant to Section 401(c) of ERISA, assets of an insurance company general account will not be treated as “plan assets” for purposes of the fiduciary responsibility provisions of ERISA and Section 4975 of the Code to the extent such assets relate to contracts issued to employee benefit plans on or before 31 December 1998 and the insurer satisfies various conditions. The plan asset status of insurance company separate accounts is unaffected by Section 401(c) of ERISA, and separate account assets are treated as the plan assets of any ERISA Plan invested in a separate account.

If for any reason the assets of the Company are deemed to be “plan assets” of an ERISA Plan because one or more ERISA Plans is an owner of Shares, certain transactions that the Investment Manager or Sub-Manager might enter into, or may have entered into, on behalf of the Company in the ordinary course of its business might constitute non-exempt “prohibited transactions” under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded at significant cost to the Company. The Investment Manager or Sub-Manager could be deemed to be an ERISA fiduciary and may be prevented from engaging in certain investments (as not being deemed consistent with the ERISA prudent investment standards) or engaging in certain transactions or fee arrangements because they might be deemed to cause non-exempt prohibited transactions. It also is not clear that Section 403(a) of ERISA, which limits delegation of investment management responsibilities by fiduciaries of ERISA Plans, would be satisfied.

2. RESTRICTIONS ON PURCHASE BY CERTAIN BENEFIT PLAN INVESTORS

Investors may not acquire Shares, either as part of the initial distribution of the Shares or subsequently, if such investors are (a) employee benefit plans that are subject to the fiduciary responsibility provisions of Title I of ERISA (including, as applicable, assets of an insurance company general account) or plans that are subject to Section 4975 of the Code (including individual retirement accounts and other arrangements), (b) employee benefit plans, plans, individual retirement accounts or other arrangements that are subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable U.S. federal, state, local or other U.S. laws or regulations that are substantially similar to such provisions of ERISA or the Code (“Similar Laws”), (c) entities whose underlying assets include “plan assets” by reason of such employee benefit plan’s, plan’s, account’s and arrangement’s investment in the entity, or (d) any “benefit plan investor” as otherwise defined in regulations promulgated by the U.S. Department of Labor under Section 3(42) of ERISA (collectively, “Plans”).

Each transferee of the Shares, including of a Share in uncertificated form and admitted to settlement by means of the CREST U.K. system, will be deemed to represent and warrant that it is not a Plan.

The Company’s Articles of Association provide that any Share owned by or on behalf of a Plan will be subject to provisions requiring compulsory transfer or surrender of Shares as provided for in the Articles of Association. Under the Articles, the Directors have the power to require the sale or transfer of Shares in certain circumstances. Such power may be exercised *inter alia* in order to avoid the assets of the Company being treated as “plan assets” for the purposes of ERISA and Section 4975 of the Code. Any Shareholder who becomes aware that it is a Plan is required forthwith either to transfer his Shares (in accordance with the transfer restrictions described elsewhere herein) to a transferee that is not, and is not using assets of a Plan, or to request the Directors in writing to exercise their powers under the Articles of Association.

PART X
ADDITIONAL INFORMATION

1. RESPONSIBILITY AND REPORTS BY EXPERTS

- 1.1 The Company and the Directors, whose names and functions appear on page 44, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.
- 1.2 PricewaterhouseCoopers LLP, of Hay's Galleria, 1 Hay's Lane, London SE1 2HB, has given and not withdrawn its written consent to the inclusion of its opinion on the financial information contained in Part V in respect of the period ended 30 June 2007 and the references thereto and in the form and context in which it is included in this document.
- 1.3 The financial information contained in Part VIII of this document does not constitute statutory financial statements within the meaning of Section 240 of the English Companies Act.
- 1.4 DTZ, chartered surveyors of Box 70360, Kungsbron 1, 107 24 Stockholm, Sweden, has given and not withdrawn its written consent to the inclusion of its reports, and/or extractions therefrom, in Part III of this document, and the Valuation Report in part (A) of Part IX of this document and the references thereto and to its name in the form and context in which they are included in this document and has authorised the contents of Part III and part (A) of Part XI of this document. DTZ has no material interest in the Company.
- 1.5 DTZ, whose registered office appears in paragraph 1.4 above, accepts responsibility for the information contained in Part III and part (A) of Part XI of this document. To the best of the knowledge of DTZ (which has taken all reasonable care to ensure that such is the case) the information contained in Part III and part (A) of Part XI of this document is in accordance with the facts and makes no omission likely to affect the import of such information.
- 1.6 Cushman, chartered surveyors of Ducat Place III, 6 Gasheka Street, Moscow, Russia, 125047, has given and not withdrawn its written consent to the inclusion of its Valuation Report in part (B) of Part XI of this document and the references thereto and to its name in the form and context in which they are included in this document and has authorised the contents of part (B) of Part XI of this document. Cushman has no material interest in the Company.
- 1.7 Cushman, whose registered office appears in paragraph 1.6 above, accepts responsibility for the information contained in part (B) of Part XI of this document. To the best of the knowledge of Cushman (which has taken all reasonable care to ensure that such is the case) the information contained in part (B) of Part XI of this document is in accordance with the facts and makes no omission likely to affect the import of such information.

2. THE GROUP

- 2.1 The Company was incorporated in Jersey on 23 October 2006 under the provisions of the Companies Law, as a public company limited by shares with the name Northern European Properties Limited and with registered number 94890. The Company has been established in Jersey as a listed fund. Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the JFSC at www.jerseyfsc.org
- 2.2 The Company's registered office and principal operating establishment is at 13 Castle Street, St Helier, Jersey, Channel Islands JE4 5UT, with telephone number 01534 722787. The Company is registered and domiciled in Jersey and is the ultimate holding company of the Group.
- 2.3 The principal legislation under which the Company operates is the Companies Law, the CIF Law and any regulations made thereunder.
- 2.4 The Company qualifies as a collective investment scheme (*beleggingsinstelling*), in particular an investment company (*beleggingsmaatschappij*), within the meaning of the WFT. Under the WFT, it is prohibited to offer units in a collective investment scheme without having obtained a license from the AFM. Furthermore, a licensed collective investment scheme must comply with ongoing prudential rules and rules of conduct. An exception applies to the offering of participations in a collective investment scheme with its seat in

Jersey in respect of the requirement to obtain a license from the AFM as a collective investment scheme for so long as Jersey is deemed to have “adequate supervision” of closed-end collective investment schemes pursuant to the Decree Designated States (*Besluit aangewezen staten Wft*). Irrespective of the exception set forth above, the Company remains subject to certain ongoing requirements under the WFT and the regulations promulgated pursuant thereto relating to the disclosure of certain information to investors, including the publication of its financial statements. Furthermore, the Company must be registered with the AFM in accordance with Article 2:73 WFT.

3. SHARE CAPITAL

- 3.1 The Company was incorporated with power to issue an unlimited number of Shares of no par value. The subscriber Shares were subscribed for, on behalf of Thomas Lindeborg, by Sanne Trust Company Limited which subscribed for 10,999 Shares and by Sanne Nominees Limited which subscribed for one Share.
- 3.2 On 9 November 2006, 277,189,620 Shares and 96,845,470 Convertible Loan Notes were allotted and issued to London & Regional Group in part consideration for the acquisition by the Company and certain of its subsidiaries of LR Swedish Holdings No. 2 AB, LR Finnish Holdings Oy and their subsidiaries pursuant to the Nordic Purchase Agreement 2006.
- 3.3 The following is a summary of the terms of the Convertible Loan Notes:
 - (a) If not previously converted or repaid (on an event of default), the Convertible Loan Notes will be repaid by the Company at par on 31 December 2026;
 - (b) Interest is payable twice yearly in arrears at the rate of 4 per cent. per annum. In addition, an additional payment will be made in each year on each Convertible Loan Note (so far as not previously paid) equal to the excess of the dividend payments on the number of Shares into which the Convertible Loan Notes would convert over the interest paid on the Convertible Loan Notes;
 - (c) The Convertible Loan Notes are only transferable to certain connected persons of London & Regional Group and are not traded on any stock exchange; and
 - (d) The holder of Convertible Loan Notes can convert a note into Shares at the rate (subject to adjustment for reorganisations) of one Share for every Convertible Loan Note converted. The Convertible Loan Notes are subject to certain restrictions on conversion to the effect that London & Regional Group and certain connected persons’ shareholdings in the Company should not after conversion exceed 24.9 per cent. of the total number of the Shares in issue.
- 3.4 By a special resolution passed on 9 November 2006 the Company resolved that, conditional on the AIM Admission and subject to the confirmation of the Royal Court of Jersey, part of the amount standing to the credit of the stated capital account of the Company be cancelled and transferred to a special distributable reserve. The Royal Court of Jersey confirmed the reduction and the court order and minute were registered by the Registrar of Companies in Jersey on 5 December 2006.
- 3.5 By a special resolution passed on 9 November 2006 the Company resolved that it be generally and unconditionally authorised to make one or more market purchases (in accordance with the Companies Law) of Shares provided that:
 - (a) the maximum aggregate number of Shares authorised to be purchased is the number representing 14.99 per cent. of the issued ordinary share capital of the Company immediately following Admission;
 - (b) the minimum price that may be paid for each Share is €0.01;
 - (c) the maximum price that may be paid for each Share is an amount equal to 105 per cent. of the average of the mid-market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is contracted to be purchased;
 - (d) the authority conferred expires at the conclusion of the next annual general meeting of the Company or on 8 May 2008, being 18 months from the date of the passing of the resolution (whichever is earlier), unless such authority is renewed prior to such time; and
 - (e) notwithstanding the foregoing, the Company may make a contract to purchase Shares under the authority conferred prior to the expiry of such authority, which will or may be executed wholly or partly after such authority, and may purchase Shares in pursuance of any such contract.

- 3.6 On 9 November 2006, 166,666,666 Shares were allotted by the Company pursuant to a resolution of a duly authorised committee of the Board in relation to an offer of shares and the Company's admission to trading on AIM.
- 3.7 The following table shows the authorised and issued share capital of the Company as at 12 December 2007 (being the most recent practicable date before publication of this document):

<u>Authorised (Shares of no par value)</u>	<u>Issued (Shares of no par value)</u>	<u>Fully Diluted Shares</u>
As at 12 December 2007		
An unlimited number of Shares of no par value	475,924,532	540,712,776

- 3.8 Save as set out above or as otherwise disclosed in this document, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and, save in respect of the Underwriting Agreement in connection with the offer of shares in November 2006, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no borrowing or contingent liabilities have been incurred.
- 3.9 The Shares are issued in registered form and are capable of being held in certificated or uncertificated form. Temporary documents of title are not issued.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's objects, which are contained in its Memorandum of Association, are unlimited. The Memorandum of Association is available for inspection at the address specified in paragraph 12 below.

The following is a summary of the principal provisions of the Articles of Association of the Company which were adopted by a special resolution passed on 9 November 2006.

4.1 Variation of Class Rights and Alteration of Capital

Subject to the provisions of Jersey law, all or any of the special rights for the time being attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class or the Articles) from time to time (and notwithstanding that the Company may or may be about to be in liquidation) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters of the capital committed or agreed to be committed in respect of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles, but so that the quorum at such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third of the capital committed or agreed to be committed in respect of the issued shares of the class in question.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

4.2 Issue of Shares

Subject to the provisions of the Articles, the unissued Shares shall be at the disposal of the Board which may allot, grant options over (including, without limitation, by way of granting phantom stock, stock appreciation rights or other similar rights) or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that the amount payable on application on each share shall be fixed by the Board. Shares do not carry any rights of pre-emption.

4.3 Rights attaching to the Shares

The rights attaching to the Shares are as follows:

(a) Voting Rights

Subject to any special rights or restrictions which may be attached to any class of Share on a show of hands, every holder of Shares who (being an individual) is present in person or by a proxy shall have one vote and, on a poll, every holder present in person or by a proxy shall have one vote for every Share held.

(b) *Dividends*

Subject to the Companies Law, and as hereinafter set out, the Directors of the Company may from time to time declare dividends on Shares based on the net income of the Company to be paid to Shareholders according to their respective rights and interests in the net income available for distribution, but no dividend will be declared in excess of the amount recommended by the Directors. The Directors have the right to recommend the payment of dividends in respect of the Company at their discretion, provided that dividends will be payable only to the extent that they are justified by the position of the Company and any surplus derived from the sale or realisation of an investment held directly by the Company shall not be available for dividends.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. No dividend shall bear interest against the Company. Any dividend unclaimed after a period of ten years from the date of declaration thereof will be forfeited and will revert to the Company and the payment by the Directors of any unclaimed dividend or other sum payable on or in respect of a Share into a separate account will not constitute the Company a trustee in respect thereof.

(c) *Redemption*

The Shares do not carry a right to redemption by Shareholders.

4.4 Transfer and Compulsory Transfer of Shares

Subject to any restrictions on transfers described below and in Part IX of this document:

- (a) Any Shareholder may transfer all or any of his uncertificated shares by means of a relevant system authorised by the Board in such manner provided for, and subject as provided, in any regulations issued for this purpose under any applicable laws or such as may otherwise from time to time be adopted by the Board on behalf of the Company and the rules of any relevant system and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred.
- (b) Any Shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in any other form which the Board may approve, signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
- (c) The Directors shall not be bound to register more than four persons as joint holders of any Share. In addition, the Articles allow the Directors to refuse to consent to a transfer by a Shareholder (a "Defaulting Shareholder") who, having been requested to do so by the Directors, fails to provide certain information regarding the interests of other persons in the Shares held by the Defaulting Shareholder.

The Articles entitle the Directors to require the transfer of Shares by a Defaulting Shareholder.

The Directors may refuse to register a transfer of Shares or require the sale or transfer of Shares in the circumstances set out in Part IX of this document or if they have reason to believe that the transferee is a person to whom a transfer of Shares would or could be in breach of the laws or requirements of any jurisdiction or governmental authority or in circumstances (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with other persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which might result in the Company incurring a liability to taxation or suffering a pecuniary, fiscal, administrative or regulatory disadvantage. The Directors will not however exercise this discretion if to do so would prevent dealings in Shares from taking place on an open and proper basis on AIM.

4.5 General Meetings

- (a) The Company shall hold an annual general meeting each calendar year. The Board will decide when and where in Jersey the meeting is to be held. The notice calling the meeting must say that the meeting is the annual general meeting. The Board can call an extraordinary meeting at any time.
- (b) Not less than 21 days notice specifying the time and place of an annual general meeting or a meeting for the passing of a special resolution and specifying also in the case of any special business the general nature of the business to be transacted shall be given.
- (c) The Board can make arrangements that it, in its discretion, thinks appropriate to ensure the security and orderly conduct of the meeting including (i) requirements for evidence of identity to be produced by those attending; (ii) the searching of their personal property; and (iii) the restriction of items that may

be taken into the meeting place. The Board is entitled to refuse entry to a person who refuses to comply with the arrangements, requirements or restrictions.

- (d) The right of a shareholder to participate in the business of any general meeting shall include the right to vote on a show of hands, vote on a poll and be represented by a proxy.

4.6 Voting at General Meetings

- (a) Subject to any special rights or restrictions for the time being attached to any Shares, on a show of hands every member present in person or by proxy has one vote. Upon a poll every member present in person or by proxy has one vote for each Share held by him.
- (b) A Shareholder shall not be entitled in respect of any Share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all moneys due from him in respect of that Share have been paid.

4.7 Directors

- (a) Unless otherwise determined by the Board, the number of Directors shall be not less than two nor more than 20.
- (b) The Directors shall not be required to hold any qualification shares. At the first annual general meeting and at each annual general meeting thereafter (i) any Director who was elected or last re-elected a Director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation; and (ii) such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of the meeting (or, if their number is not a multiple of three, the number nearest to but not greater than one-third).
- (c) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine provided that the amount paid to any Director by way of fees shall not exceed €500,000 in any financial year, or such higher amount as may be determined from time to time by ordinary resolution of the Company. Any fees payable pursuant to the Articles shall be distinct from and shall not include any salary, remuneration for any executive office or other amounts payable to a Director pursuant to any other provisions of the Articles and shall accrue from day to day. The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company. If, by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.
- (d) A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board.
- (e) A Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or benefits or insurance policies for the benefit of Directors or (ii) in circumstances where a Director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiaries.
- (f) Any Director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (g) Any Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company, in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him as a director, managing director, manager or other officer or member of any such company.

- (h) The Directors shall not be subject to a mandatory retirement age.

4.8 Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Articles do not include any limitations on the Company's power to borrow.

4.9 Disclosures of Beneficial Interests in Shares

- (a) The Directors may serve notice on any Shareholder requiring that Shareholder to disclose to the Company the identity of any person (other than the Shareholder) who has an interest in the Shares held by the Shareholder and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.
- (b) If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "Default Shares") and any other shares held by such Shareholder, such Shareholder shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. of the Shares for the time being in issue, the direction notice may additionally direct that dividends on such Default Shares will be retained by the Company (without interest), and that no transfer of Default Shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.

4.10 Winding Up

The Company may be voluntarily wound up at any time by special resolution. On a winding up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided amongst Shareholders *pro rata*, according to the rights attached to the Shares.

4.11 Untraceable Shareholders

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a Shareholder or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that:

- (a) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Shareholder or to the person so entitled to the share at his address in the Register of Members or otherwise the last known address given by the Shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person so entitled provided that in any such period of 12 years the Company has paid at least three dividends whether interim or final;
- (b) the Company has at the expiration of the said period of 12 years by advertisement in a newspaper circulating in the area in which the address referred to in sub-paragraph (a) above is located given notice of its intention to sell such shares;
- (c) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person so entitled; and
- (d) if any part of the share capital of the Company is quoted on any stock exchange the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.

5. DIRECTORS

5.1 No Director is, or has been subject to:

- (a) any convictions in relation to fraudulent offences in the last five years;
- (b) any bankruptcies, receiverships or liquidations of any entities in which such directors held any office, directorship, partnership or other senior management position in the last five years;
- (c) any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

- 5.2 There are no outstanding loans granted by the Company to Directors, nor are there any guarantees provided by the Company for the benefit of any Director.
- 5.3 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

JENS ENGWALL

Current directorships/partnerships

Angel & Engwall AB
Catella Financial Advisory AB
Chengde Intressenter AB
China Real Estate Development AB
Fast Partner AB
Haninge Islandshästcenter Handelsbolag
Hemfosa Gård AB
Kungsleden AB
Öboviken AB

Reinhold Polska AB
Runsven-Gruppen AB
Russian Real Estate Investment Company AB
Scientific Golfers Sweden AB
Tengbomgruppen AB
Tengbomgruppen Intressenter AB
Utö Bageri AB
Vasallen AB

Previous directorships/partnerships

Eriksleden AB
Gävle N 272 AB
Industrifastigheter i Tyresö AB
Kl Pylta AB
Kl Tomteskolan Fastighetsförvaltning AB
Kungsleden 1 AB
Kungsleden 2 AB
Kungsleden Å Fogden 1 Fastighets AB
Kungsleden Å Jungfrun 5 Fastighets AB
Kungsleden Å Kyrkslätten 2:5 Fastighets AB
Kungsleden Å Rådmannen Fastighets AB
Kungsleden Ånge AB
Kungsleden Bajonetten 2 Fastighets AB
Kungsleden Bilen AB
Kungsleden Björken AB
Kungsleden Boden AB
Kungsleden Brunflo AB
Kungsleden D Lastaren 2 & 1 Fastighets AB
Kungsleden D Sjöhästen 2 Fastighets AB
Kungsleden D Trucken 1 Fastighets AB
Kungsleden D Vaktmästaren 4 Fastighets AB
Kungsleden Dalbacken 21 Fastighets AB
Kungsleden Ede Fastighets AB
Kungsleden Edsbyn AB
Kungsleden Flen AB
Kungsleden Fornminnet 2 Fastighets AB
Kungsleden Fr Koljan 1 Fastighets AB
Kungsleden Fr Kuriren 1 Fastighets AB
Kungsleden Fr Njord 6&7 Fastighets AB
Kungsleden H Hjorten 10 Fastighets AB
Kungsleden H Regulus 22 Fastighets AB
Kungsleden H Sörby 5:4 Fastighets AB
Kungsleden H Västanå 2:59 Fastighets AB
Kungsleden Haparanda AB
Kungsleden Härnösand AB

Kungsleden Hotellet 25 Fastighets AB
Kungsleden Järpen AB
Kungsleden Järvsö AB
Kungsleden Järvsta 5 Fastighets AB
Kungsleden Kådan AB
Kungsleden Kräftan 3 & 7 Fastighets AB
Kungsleden Lavan AB
Kungsleden Mm 10 AB
Kungsleden Myrbacka 6:17 Fastighets AB
Kungsleden Myren AB
Kungsleden Norrlungånger AB
Kungsleden Östersund AB
Kungsleden Råven AB
Kungsleden Renen AB
Kungsleden Sätra 104:5 Fastighets AB
Kungsleden Skellefteå AB
Kungsleden Skomakaren 3 Fastighets AB
Kungsleden Skönsberg 1:4 Fastighets AB
Kungsleden Slagsta AB
Kungsleden Söderala Sund AB
Kungsleden Stenby AB
Kungsleden Strået AB
Kungsleden Strömme AB
Kungsleden Syd Fastighets AB
Kungsleden Syd Fritid Fastighets AB
Kungsleden Sydsverige AB
Kungsleden Thor 6 Fastighets AB
Kungsleden Torhäll Holding AB
Kungsleden Vinden 1 Fastighets AB
Kungsleden Vretåker 2 Fastighets AB
Kungsleden Zephyr V:A 7 Fastighets AB
Vårdfastigheter i Stockholm I AB
Vårdfastigheter i Stockholm II AB
Vårdfastigheter i Stockholm III AB

MICHAEL HIRST OBE

Current directorships/partnerships

Ecogra Limited
MB Hirst Limited

The Tourism Alliance Limited

IAN LIVINGSTONE

Current directorships/partnerships

Dividum Holland Cooperatief U.A.
LRR (SPH) Holding No. 2 Limited

Northern European Properties Limited

Previous directorships/partnerships

Am-Coff Limited
American Coffee Traders Limited
Art Connection Limited
Avonlent Limited
Bayford Properties Limited
BCFL No. 1 Limited
BCFL No. 2 Limited
Blazesave Limited
Bollingwood Limited
Brightark Limited
Brooks Brothers UK Limited
C.S. Properties Limited
CG Hotel Holding Limited
Cherryvale Properties Limited
Cochrane Square SPV Limited
Cornice Properties Limited
Cressmead Limited
Crystal Palace Leisure Property Limited
David Clulow (Optics) Limited
Dowtrade Limited
Dunbridge Properties Limited
DZO Limited
Education Link (2001) Limited
Education Link (Holdings) Limited
Epworth House Investments Limited
Exbost Limited
Eye-Tech Eyewear Limited
First Central Management Company Limited
Foldaserve Limited
Foldatour Limited
Glasgow & Regional Properties Limited
Graingrade Limited
Greene King A Limited
Greene King B Limited
Greene King C Limited
Greene King D Limited
Greene King E Limited
Greene King Leisure Holdings Limited
Greene King Leisure Pub Holdings Limited
Greenwich Wharf Limited
Harlequin Property Investments Limited
Hawkfalcon Limited
Haymarket SPV Limited
Healthstar Limited
Heart of the City Limited
Highstar Developments (Merthyr) Limited
Hotel (PL Property) Limited
In-Perspective Designs Limited
Interdevelopments Limited
Kestrelhawk Limited
Kids Discount Store Limited
Kingston Optical Company Limited
Kittyhawk Limited
L&R (Corinthian House) Limited

L&R (Maidenhead) Limited
Lakevilla Limited
Laurel Pubs Holdings F Limited
Laurel Pubs Holdings G Limited
Laurel Pubs Holdings I Limited
Laurel Pubs Holdings J Limited
London & Regional (Bewlay House) Limited
London & Regional (City) Investments Limited
London & Regional (Copeland) Limited
London & Regional (Empire) Limited
London & Regional (Green Park Hotel) Limited
London & Regional (Hammersmith) Limited
London & Regional (King William St) Limited
London & Regional (Manchester) Limited
London & Regional (Nursing Homes) Limited
London & Regional (Sheffield) Limited
London & Regional (St. Georges Court) Limited
London & Regional (Stockport) Limited
London & Regional (Trafalgar Square Hotel) Limited
London & Regional 60VE Finance Limited
London & Regional 60VE Limited
London & Regional Caribbean Investments Limited
London & Regional Commercial Properties Holdings Limited
London & Regional Debt Securitisation No. 1 Plc
London & Regional Dormant Holdings Limited
London & Regional Group Finance Limited
London & Regional Group Holdings Limited
London & Regional Homes Limited
London & Regional Hotel Finance Limited
London & Regional Hotel Holdings Limited
London & Regional Investment Holdings Limited
London & Regional Investments Limited
London & Regional Offices Finance Limited
London & Regional Overseas Limited
London & Regional PFI Projects Holdings Limited
London & Regional Portfolio Finance Limited
London & Regional Properties Limited
London & Regional Retail Management Services Limited
London & Regional (Angel) Limited
London & Regional (Central) Investments Limited
London & Regional (Midtown) Investments Limited
Loopsign Limited
LR (1) Limited
LR (2) Limited
LR (3) Limited
LR (4) Limited
LR (80 The Strand) Limited
LR (America House) Limited
LR (Baker St) Limited
LR (Bristol) Limited
LR (Cardiff) Limited
LR (Cumbernauld) Limited

LR (Economy) Hotels Limited
LR (Edinburgh) Hotel Limited
LR (First Central Phase A) Limited
LR (Hotel Developments) Limited
LR (King William St) Limited
LR (London) Hotels Limited
LR (Manchester) Limited
LR (Nightclubs) Limited
LR (Petrol Stations) Limited
LR (Regents Park) Development Limited
LR (Sheffield Phase 1B) Limited
LR (Sheffield PFI) Limited
LR (South Eastern) Limited
LR (SPH) Holding No. 1 Limited
LR (SPH) Holding No. 2 Limited
LR (Strand Palace Hotel) Limited
LR (Strand Palace Hotel) Limited
LR (Stratford) Limited
LR (Tower) Limited
LR (Tredegar) Limited
LR Bondway Limited
LR Developments Limited
LR Estates Limited
LR Ex-Newcastle Limited
LR Healthcare Limited
LR Horizon Limited
LR Investments Limited
LR Millennium Properties Limited
LR Office Developments Limited
LR Skipton House Limited
LR Vauxhall Limited
LRG Net Media Limited
Marshset Limited
Mesongable Limited
Mobyhold Limited

CHRISTOPHER LOVELL

Current directorships/partnerships

14 Charles Street Limited
18 Chester Terrace Limited
46 Portland Place Limited
Abella Properties Limited
Adstock Limited
AKO Capital (Jersey) Limited
Aldemar Limited
Almerina Limited
Altamar Limited
Alyssum Management Limited
Amareta Investments Limited
Ambrosius Limited
Ammaljo Holdings Limited
Ammaljo Investments Limited
Anambus Holdings Limited
Anassa Limited
Anchor Property Ltd
Andante Investments Limited
Anker Capital Investments Limited
Ardley Limited
Aseana Properties Limited
Ashurst Properties Limited

Next Generation Amida Beckenham Limited
Next Generation Amida Fleet Limited
Next Generation Amida Hampton Limited
Next Generation Amida Services Limited
Octane Holdings Limited
Octane Properties Limited
Optika (UK) Limited
Optika Holdings Limited
Optika Limited
Optika Opticians Limited
Q-Cash Limited
Quidtrade Limited
Richian Limited
Rubtrade Limited
Ruleplan Limited
Sapphire Food North East No. 1 Limited
Sapphire Food North West No. 3 Limited
Sapphire Food South East No. 4 Limited
Sapphire Food South West No. 2 Limited
Sapphire Neighbourhood Active No. 9 Limited
Sapphire Rural Destination No. 5 Limited
Sapphire Town Active No. 8 Limited
Sapphire Town Centre No. 6 Limited
Sapphire Town Traditional No. 7 Limited
Servefix Limited
Silverpark Properties Limited
Solhold Limited
Spingwater Developments Limited
St Mellons Business Park Limited
Swanfalcon Limited
Swirlsign Limited
The Hush (Camden) Management Company Limited
Trafalgar Private Equity Limited
Transnet Data Services Limited
Widerace Limited

Auray Holdings Limited
Avalon Panama, S.A.
Aviation Staffing Company Ltd
Baker Steel Capital International Limited
BAM Distributor Limited
Basil Street Investments Limited
Bazooka Investments Limited
Bella TC (Jersey) Limited
Bennelong Asset Management Limited
Bennelong Proprietary Fund Limited
Benyamina Investments (Jersey) Limited
Birtles Leisure Limited
Bishop Holdings Limited
Boléat Consulting Services Limited
Boyer Allan (Jersey) Limited
Braltrust Limited
Bramel Investments Limited
Branthill Limited
Breval Limited
Brinpan Holdings Inc
Bronte Limited
Brookdene Global Limited

Buri Leasing Ltd
 Cairngorm Investments Limited
 Calibur Limited
 Calypso Management Limited
 Cambier Limited
 Cambiller Investments Limited
 Camolix Limited
 Canmley Street Limited
 Cape Sable Holdings Limited
 Cape TC (Jersey) Limited
 Capita EP Limited
 Capita Nominees Ltd
 Capita Secretaries Limited
 Capita Trust Company (CI) Limited
 Capita Trustees Limited
 Carpe Momo Limited
 CB Air Limited
 CBA Enterprises Limited
 Century 23 Property Management Limited
 Ceramic Technology Engineering
 Consultancy Limited
 CF-LABS 1 Limited
 CF-LABS 2 Limited
 CF-LABS 3 Limited
 Channel House Investments Limited
 Channel House Trustees (London) Limited
 Chantelle Investments Limited
 Chappel Advisors Limited
 Checkerline Design Limited
 Churchill Capital Limited
 Churchill Leisure Limited
 City Litchfield ABS Fund Limited
 CL604 Limited
 Clevedon Overseas Limited
 Codevintec Limited
 Company One Limited
 Complete Holdings Limited
 Compl-Ex Aircraft Limited
 ConveyInvest Limited
 Conway Overseas Group Limited
 Coranto Films Limited
 Coriace Investments Limited
 Coriolis Consulting Limited
 Corporate Advisors (Jersey) Limited
 Corporate Advisors (UK) Limited
 CP Property Development UK Limited
 Craig Millar Castle (Holdings) Limited
 Creative Holdings Limited
 Creative Property Limited
 CT No 1 (Bermuda) Limited
 Czar Aviation Limited
 Dawnay Day Treveria Plc
 Demel Limited
 Denwood Investments Limited
 Dotbern Investments Limited
 Dubello Limited
 E - Casing Limited
 Eagle Elite Limited (Formerly GEM Aviation Limited)
 Easy Aviation Limited
 Eaton Mascott Hall Limited
 Eaton Mascott Limited
 ECP Ventures I Limited
 ECP Ventures II Limited
 ECP Ventures III Limited
 Edison Properties Limited
 Ekeby Holdings Ltd
 Eklus (BVI) Limited
 Eklus (Mauritius) Limited
 EMAC Illyrian DS Limited
 EMAC Illyrian Land Fund 2 EXUS GP Limited
 EMAC Illyrian Land Fund 2 SC GP Limited
 EMAC Illyrian Land Fund 2 USTE GP Limited
 EMAC Illyrian Land Fund 2 USTP GP Limited
 EMAC Illyrian Land Fund 2 VCOC GP Limited
 EMAC Illyrian Land Fund Limited
 EMAC NEO ExUS Limited
 EMAC NEO SC GP Limited
 EMAC NEO USTE GP Limited
 EMAC NEO USTP GP Limited
 EMAC NEO VCOC GP Limited
 EMAC P.F. LIMITED
 Escorpion Holdings Limited
 Esther Properties Limited
 Eurasia Capital Partners Europe Limited
 Eurasia Transportation Group Ltd
 Excalibur (Panama) SA
 Excelsior Limited
 FAB Marketing Limited
 Factum Holdings Limited
 Falco Limited
 Ferotolos Limited
 Fexton Investments Inc.
 Fidalux Trust Limited
 Fischer Investments Limited
 Forbane Investments Limited
 Forbrit Trustees Limited
 Forefront Consultants Limited
 Fourth Enterprises Limited
 Foxwell Holdings Limited
 Freshwater Services Limited
 G.F. Shui (B.V.I.) Ltd.
 G.S.N. Limited — merged into Forbrit Trustees Limited
 Global 5000 Limited
 Global Marine Research Limited
 Globus Funds ICC
 Globus International Hedge Fund IC
 Globus Russia Balanced Fund IC
 Globus Russia Equity Fund IC
 Globus Russia Fixed Income Fund IC
 Globus Russia Hedge Fund IC
 Globus Worldwide Opportunities Fund IC
 GLS (Jersey) Limited
 Golden Gate Ukraine Real estate Company Limited
 Golftee LP 2 Limited
 Golftee LP 3 Limited
 Golftee TC Limited
 Group Flight Services (Jersey) Limited
 GSA Enterprises Limited

Guapo Limited
 Halton Investments Inc
 Harlow Farmlands Limited
 Harmony House Limited
 Harrington Golf Limited
 Hay Hill Norwich Limited
 Herax International Limited
 Hightonwood Investments Limited
 Holloway head Birmingham Limited
 Holloway head Birmingham Limited
 Hoplite Management Limited
 Horta II Limited
 HP Management Limited
 Hugin Investments Limited
 ILF 2 Limited
 Impex Aircraft Consulting (Jersey) Limited
 Industrial Investors Group Limited
 International Marketing Services Inc
 Investment Property Databank Employees (Trustees)
 Limited
 Ironman Investment Company Limited
 Ivoryheights Holdings Limited
 Jermyn Investment Trust Limited
 Jessica Limited
 Kaiser Air (Jersey) Limited
 Kavkas Land Fund Limited
 Kent Properties Limited
 Killaghy Limited
 Kings Advisors Limited
 Klaus Properties Limited
 Knighton Grasseuil Limited
 Koben Investments Limited
 Krisaljer Limited
 Lakedale Enterprises Limited
 Laptev Holdings Limited
 Laren Properties Limited
 Level One Holding (Jersey) Limited
 Limestone Investments Limited
 Linstead Holdings Limited
 Lisfinny Limited
 Locarno Limited
 Longfield Ventures Limited
 Longlast Holdings Limited
 Loriner International Limited
 Lovell Jackson Mathews Nominees Limited —
 merged into Forbrit Trustees Limited
 Lovell Jackson Mathews Trustees Limited — merged
 into Forbrit Trustees Limited
 Lyon Systems Limited
 M.S. Corporation Limited
 Macon Management Limited
 Marais Property Company Limited
 Marita Investments Limited
 Matara Holdings Limited (formerly Nani
 Investments Ltd)
 Max Holdings Limited
 Maxine Holdings Limited
 MCBS Licensing Limited
 Medway Holdings Limited
 Meekin Investment Company Limited
 Meekin Investment Company Limited (Gibraltar)
 Melville Holdings SA
 Menard Investments Group Limited
 Merebis Capital Management (Jersey) GP Limited
 Merebis International Fund Limited
 Merebis Master Fund Limited
 Metonym Limited
 MGA Holdings Limited
 Midia Limited
 Mikania Investments Limited
 Moonfleet Limited
 Moorcreek Limited
 Morris Mirrors Limited
 Mountain Capital Management Ltd
 Neat Investments Limited
 New Venturia Limited
 Normandy Holdings Limited
 Northern European Properties Limited
 Noserider Holdings Limited
 Novalis Investments Limited
 Oceanic Enterprises Limited
 Oceanwood Capital Management (Cayman) Limited
 Okerbridge Estates Limited
 Ophir AGC (Profond) Limited
 Ophir Asia Limited
 Ophir Gabon (Gnondo) Limited
 Ophir Gabon (Manga) Limited
 Ophir Gabon (Mbeli) Limited
 Ophir Gabon (Ntsina) Limited
 Ophir Holdings Limited
 Ophir Kazakhstan Limited
 Ophir Somaliland (Berbera) Limited
 Orbitrax Limited
 Orchard Property Ltd
 Outshine Limited
 P.R. Bochem Enterprises Limited
 Pall Mall Associates Limited
 Pall Mall Management Limited
 Pall Mall One ICC
 Paradise Aviation (Jersey) Limited
 Pastor Limited
 Pegum Holdings Limited
 PEIA Limited
 Penang Properties Limited
 Pension Fund Assumption Limited
 PFG Management Limited
 Polar Capital Partners (America) Corporation
 Ponthall International Limited
 Poole Jersey Company Limited
 Public Service Properties Limited
 Purbeck Holdings Limited
 Quality Collections Limited
 Ram's Head Properties Limited
 Ratatosk Limited
 Ravinella Limited
 Remus Holdings Limited
 Resilient Select Opportunities Fund Limited
 Resilient Strategies Limited
 Rianne Investments Limited
 Rino Overseas Limited

Rivulet Limited
Rochester Capital Fund Limited (formerly Rochester Futures Fund Limited)
Rochester Capital MAC Limited
Rochester Capital Master Fund Limited
Rochester General Partner Limited
Rostrum Aircraft Limited
Royale Pigments (Jersey) Limited
Ruffer International Funds Limited
Saltarello Limited
Sandcroft Holdings Limited
Santry Limited
Sapphire Enterprises Limited
SCBD Technology Limited
Seafood Trading Limited
Securelink Holdings Limited
Senna Holdings Limited
Sevenoaks Hampton Limited
Shine Investments Limited
Short Family Investments Limited
Smart Move Investments Limited
Solana Limited
Soleil Investments Limited
Sonwood Limited
Special Opportunity Holdings Limited
SPT Funding 1 Limited
Stampflat Nom X Limited
Steel Finance Limited
Stillwater Services Limited
Straightline Marketing Limited
Sunall Limited
Sunspreet Estates Inc.
Tavoy Holdings Limited
Templar Films (Jersey) Limited

Previous directorships/partnerships

7 Gloucester Walk Limited
A J Walter Holdings Limited
Ailema NewMedia Limited
Aircraft Consulting Group (Jersey) Limited
Alassio Holdings Limited
Alcina Limited
Almanzar Limited
Alter Ego Holdings Limited
Alton Holdings Limited
Alvand Investments Limited
Amen Corner C82 Limited (now Camley)
Amice Holdings Limited
Ancaster Holdings Limited
Andaman Holdings Limited
Anila Yachts Limited
Aparine Limited
Aquamarine Holdings Limited
Argentat Development Limited
Autonomy Capital (Jersey) Limited
Babel Investments Limited
Beaunell Limited
Belair Investments Limited
Beltane Limited

The Promised Land Investments Limited
The Strategic Film Investors Fund Limited
The Strategic Film Investors Master Fund Limited
Thibaud ARL
Ticino Investments Limited
Torremill (Jersey) Limited
Trevor Aviation Limited
Tudor Employees Nominees Limited
Tullow Algeria Limited
Tullow Egypt Operations Limited
Tullow Gabon Operations Limited
Tullow Oil International Limited
Tullow Romania Limited
Tullow Senegal Operations Limited
Tullow Syria Operations Limited
Tuninvest Investments Limited
Twin Lake Capital Limited
Twin Rivers Capital Limited
Tyrolese Trust Company Limited
Ukraine Liberty Fund Limited
Valkyrie 2000 Limited
Value Plain Limited
Vantston Place Fulham Jersey Company Limited
Vauxhall Bondway Limited
Violetta Securities Limited
Virtual Corporate Solutions Limited
Wantage Jersey Company Limited
Wapi Holdings Limited
Watership Productions Limited
Wyndham Ventures Limited
Yatra Capital Limited
Zarnita Limited
Zass Limited

Bennelong Asia Pacific Multi Strategy Equity Fund Limited
Bennelong Asia Pacific Multi Strategy Equity Master Fund Limited
Bennelong Proprietary Fund Limited
Bergen Corporation
Berners Properties Limited
Betony Investments Limited
Bevan Marketing Limited
BFS Equity Income & Bond Trust Limited
BFS Managed Properties Limited
Bharani Holdings Limited
Biriadou Limited
Black Sea Oil Limited
Braich Limited
Braybourne Holdings Limited
Break Point Aircraft & Yachts Limited
Briar Property Management Limited
Bridgehouse Holdings Limited
Brookdale Properties Limited
Broughton Marketing Limited
Caballo Limited
Caley Properties Limited

Calla Investments Limited
 Calwell Limited
 Camelot Limited
 Cancelli Investments Limited
 Capita Alternative Fund Services (Guernsey) Limited
 Capita Alternative Fund Services Limited
 Capita Fiduciary Group Limited
 Capita Symonds (C I) Limited
 Capita Trust Company (Jersey) Limited
 Caravelle Enterprises Limited
 Carmella Properties Limited
 Carrousel Capital (C.I.) Limited
 Carrousel Jersey Limited
 Casa Manzana Limited
 Cavney Holdings Limited
 Certum Limited
 Channel House Capital Markets Limited
 Channel House Fund Administration Limited
 Channel House Partnership
 Chester Terrace Limited (no 18)
 Consoil Services Limited
 Control Risks (Jersey) Limited
 Corbel Properties Limited
 Corries Technical Services (Jersey) Limited
 Cortex (Jersey) Limited
 Cossey Investments
 Cougar Air (Jersey) Limited
 Creux Investments Limited
 Crystal Pearl International Limited
 Dalfour Properties Limited
 DAM Trustees Limited
 Dariville Holdings Limited
 Deleville Global Limited
 Deloraine Services Limited
 Derville Holdings Limited
 Devina Limited
 Divers Investments Limited
 Edgmond Holdings Limited
 EMAC Management Limited
 Ennis Grove Holdings Limited
 Ensemble Holdings Limited
 Epoch Limited
 Equus Holdings Limited
 Erinore Gold Limited
 Es Mirador de SA Pedrissa S.L.
 Excel Consultants Limited
 F.T.C. Holdings Limited
 Fin Comp Consulting Services Limited
 Finlay Limited
 First Quantum (International) Limited
 First Quantum Property Investments Limited
 Fischer Investments Limited
 Freight Investor Services Physicals Limited
 Fulmer Properties Limited
 Galatina Ventures Limited
 Gammiste ARL
 Gardenia Property Ltd
 Garganey Investments Limited
 Garnet International Resources Limited
 Gentry Holdings Limited
 Global Wealth Management Trust Company (Jersey) Limited
 Globe International Management Limited
 GLS International Advisors Limited
 Goostry Investments Limited
 Greenbriar Enterprises Limited
 Greydonn Limited
 Gulf Venture Capital Limited
 GWM Secretaries Limited
 Hamble Limited
 Hamble Properties Limited
 Hartwell Ventures Limited
 Haygate International Limited
 Helmcom (Jersey) Limited
 Hero Funds PCC
 Highgrove Securities Limited
 Highstead Properties Limited
 Honeybourne Holdings Limited
 I.D.I. Venture Limited
 Insole Holdings Limited
 Interactio Limited
 International Trading Consultants Limited
 Isadaran Limited
 Istana Limited
 Jameswood Limited
 Jamexa Holdings Limited
 Jersey ecommerce.com Limited
 Jonquil Property Holdings Ltd
 Junedale Limited
 K Holdings Limited
 Kamchim Investments Limited
 K-Business Limited
 Keel Holdings Limited
 K-FJ Holdings Limited
 Kilwaughter Holdings Limited
 KJ Consulting Limited
 K-OK Holdings Limited
 Koppel Investments Limited
 Korako Investments Limited
 K-Progolf Limited
 LBC Services Limited
 Lea Valley Properties Limited
 Lee Valley Properties Limited
 Leisure Investments Limited
 Level One Finance (Jersey) Limited
 Level One Holding (Jersey) Limited
 Liberty International Opportunities Fund Limited
 Liberty International Opportunities Master Fund Limited
 Liquid — The Wine Company Limited
 London Properties Management Limited
 Longmeade Investments
 Lordos Limited
 Lovell Jackson Mathews (English Solicitors)
 Lower House Investments Limited
 Magpie Holdings Limited
 Mapeso Holdings Limited
 Matsudaira Art Foundation Limited
 Medusa Overseas Holdings Limited
 Melvaig Holdings Limited

Mersing Holdings Limited
Midbay Investments Limited
Minglewood Limited
MKY Financial Software Limited
Moja Trading Limited
Morina Investments Limited
Moristan Limited
Nani Investments Limited
Nasone Overseas Limited
New Odyssey Limited
Newhall Properties Limited
Northcross Capital Management Limited
Northcross Holdings Limited
Northmoor Investments Limited
NPT Holdings Limited
Oakamoor Investments Limited
Ocean Investment Holdings Limited
Octavia Consultancy Limited
Old Lane International Limited
Orinda Investments Limited
Oslo Limited
Pacific Stone (Holdings) Limited
Pacific Stone Group Limited
Palamino Holdings Limited
Palfridge Holdings Limited
Pastern Limited
PE and T Limited
Penex Limited
Pictures & Entertainment Limited
Pigeon Cays Limited
Pinewalk Limited
Pinto Holdings Limited
Polar Capital Partners (Jersey) Limited
Porter Holdings Limited
Practica Limited
Punch Video Europe Limited
Ranatunga Holdings Limited
Regeneration (GP) Limited
Regent Development Associates Limited
Rhea Investments Limited
Ridge Cook Investment No. 1
Ridge Cook Investment No. 2
Ridge Cook Investment No. 3
Rockledge Limited
Rosewarne Properties Limited
Rumico Limited
Rynek Holdings Limited
Ryton Services Limited
Saffron Rose Limited
Sardis Limited
Sarina Investments Limited
Sayer Holdings Limited
Scylla Limited
Selanga Investments Limited
Sentara Ventures Limited
SFI Holdings Limited
SFI Management Limited (previously known as SFI Management (Jersey) Limited)
Shapour Limited
Siam Holdings Limited
Siebel Systems (Jersey) Limited
Sienna International Group Limited
Skybourne Holdings Limited
Southmoor Holdings Limited
Spirit Development Corporation Limited (The)
Springtide Finance Limited
SPT Collateral 1 Limited
SPT Funding 2
SPT Holdings Limited
SSI Holdings Limited
Stainsteel Agencies Limited
Starcrest Holdings Limited
Starcrest Investing ApS
Starcrest Investments Limited
Starcrest Properties 1 Limited
Stemtide Limited
Stockley Services Limited
Sustainable Industries Limited
Tabzi Investments Limited
Tanoan Limited
Tavari International Limited
Tazio Investments
Teal Holdings Limited
TG Employee Investment Company I
TG Employee Investment Company II
Tifton Investments Limited
Toros H B Limited
Trochee Limited
Trophy Management Limited
Tullow Angola Limited
Tullow Bangladesh Limited
Tullow Cameroon Limited
Tullow Cote d'Ivoire Exploration Limited
Tullow Cote D'Ivoire Limited
Tullow Ghana Limited
Tullow India Operations Limited
Tullow Madagascar Limited
Tullow Pakistan (Developments) Limited
Vallini Investments Limited
Value Discovery Fund Limited
Verger Investments Limited
Villette Limited
Waton SA
Wheatlands Limited
White Crystal Properties Limited
Whitebeam Investments Limited
Woods And Company Limited
Yenby International Limited
Zancara (Scotland) Limited
Zyghi Properties Limited

KARI ÖSTERLUND**Current directorships/partnerships**

Copterline Oy
Holiday Club Resorts Oy
Karisha-Invest OY
Royal Racstaht Oy

Select Travel Oy
Sipiravintolat OY
Staffpoint Oy

Previous directorships/partnerships

Holiday Club Finland OY
Hotelman Oy

Matka-Vekka Oy

MARTIN SABEY**Current directorships/partnerships**

AIG — MezzVest Investments Limited
Cambridge Retail Park (GP) Limited
Cambridge Retail Park (Nominee No 2) Limited
Cambridge Retail Park (Nominee) Limited
CPPF Jersey (General Partner) Limited
CRST 011100 Limited
East-Fleet Finance Limited
ECI Management (Jersey) Limited
Euro PE General Partner Limited
Henderson Asia Pacific Select Absolute Return Fund Limited
Henderson Asia Pacific Absolute Return Fund Limited
Henderson Asia Pacific Equity Multi-Strategy Fund Limited
Henderson Asia Pacific Equity Multi-Strategy Master Fund Limited
Henderson Asia Pacific Select Absolute Return Master Fund Limited
Henderson European Absolute Return Fund Limited
Henderson European Select Absolute Return Fund Limited
Henderson European Style Rotational Long/Short Fund Limited
Henderson European Style Rotational Long/Short Master Fund Limited
Henderson Funds Management (Jersey) Limited
Henderson Global Currency Absolute Return Fund Limited
Henderson Global Currency Absolute Return Master Fund Limited
Henderson Global Equity Multi-Strategy Fund Limited
Henderson Global Equity Multi-Strategy Master Fund Limited
Henderson Global Fixed Income Absolute Return Fund Limited
Henderson Japan Absolute Return Fund Limited
Henderson Japan Asia Focus Absolute Return Fund Limited
Henderson Japan Asia Focus Absolute Return Master Fund Limited
Henderson Japan Select Absolute Return Fund Limited

Henderson Japan Select Absolute Return Master Fund Limited
Henderson North American Equity Multi-Strategy Fund Limited
Henderson North American Equity Multi-Strategy Master Fund Limited
Henderson Pan European Active Engagement Fund Limited
Henderson Pan European Active Engagement Master Fund Limited
Henderson Pan-European Equity Multi-Strategy Fund Limited
Henderson Property Management (Jersey) Limited
Henderson Special Situations Fund Limited
Henderson Special Situations Master Fund Limited
Henderson Total Return Fund Limited
Henderson UK Equity Long Short Fund Limited
Henderson UK Equity Multi-Strategy Fund Limited
Henderson UK Fundamental Long Short Fund Limited
Hudson Thames Capital Limited
MB Venture Capital (Jersey) Limited
MV Leveraged Finance Limited
Nordic Finance Limited
Scamp Limited
Smartair Limited
Towbridge Limited
VenCap (Channel Islands) Limited
VenCap 11 Investments Limited
VenCap 11 Limited
VenCap 6 LLC Limited
VenCap 6 Limited
VenCap 7 Limited
VenCap 7 LLC
VenCap 8 Limited
VenCap 9 Limited
VenCap 9 LLC
Viking Asset Purchaser No 3 Limited
Viking Asset Purchaser No 6 Limited
Viking Asset Purchaser No 7 IC
Viking Asset Purchaser No. 8 IC
Viking Asset Securitisation Holdings Limited
Viking Asset Securitisation Limited
Viking Global Finance ICC

Previous directorships/partnerships

AIG-MezzVest Funding Limited
Baring Asset Management Institutional Umbrella Fund Limited
CLOF Jersey General Partner Limited
Development Capital Advisors (C.I.) Limited
ECI International Management Limited
Exelsior Finance Limited
Exelsior Inc
Henderson Technology Absolute Return Fund Limited
Henderson UK Fundamental Long Short Fund Limited

SCF Jersey General Partner Limited
Shop Unit Fund Jersey General Partner Limited
Thames River First Absolute Return Limited
Vencap 10 Euro Class Limited
Vencap 10 US Class Limited
Vencap 12 Limited
Viking Asset Purchaser No 1 Limited
Viking Asset Purchaser No 2 Limited
Viking Asset Purchaser No 4 Limited

6. INTERESTS OF THE DIRECTORS AND RELATED PARTY TRANSACTIONS

- 6.1 Following the Company's admission to trading on AIM on 15 November 2006, options were granted to each of Jens Engwall, Kari Österlund and Michael Hirst OBE over 428,571, 57,143 and 57,143 Shares respectively under the Option Agreements described in paragraph 7 below.
- 6.2 As at 12 December 2007, Jens Engwall was interested in 1,200,000 Shares, Per Lindblad (Chief Financial Officer) was interested in 15,000 Shares, Michael Hirst was interested in 63,767 Shares and Ian Livingstone was interested in 1,500,000 contracts for differences over Shares.
- 6.3 Except as set out above and in paragraph 6.6 of this Part 8, none of the Directors, nor any persons connected with the Directors, nor any persons discharging managerial responsibilities, has an interest in Shares or options of the Company.
- 6.4 None of the Company's Shareholders has voting rights attached to the Shares they hold that are different to the voting rights attached to the other Shares in the Company.
- 6.5 Save as disclosed below, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, own the Company or exercise control over the Company.
- 6.6 As at 12 December 2007, LR Swedish Holdings No. 1 AB, a company owned by Richard Livingstone, the brother of Ian Livingstone, and Thomas Lindeborg, was interested in 117,299,200 Shares, representing 24.65 per cent. of the issued share capital of the Company and 64,788,244 Convertible Loan Notes. Assuming full conversion of the Convertible Loan Notes, LR Swedish Holdings No. 1 AB will be interested in 182,087,444 Fully Diluted Shares in aggregate representing 33.68 per cent. of the Fully Diluted Share Capital.
- 6.7 So far as the Directors are aware, as at 12 December 2007 (being the last practicable date prior to the publication of this document) the following persons (other than Directors and other than as stated in paragraph 6.6 of this Part 8) hold, directly or indirectly, voting rights in respect of three per cent. or more of the Company's issued share capital or will hold such rights immediately following Admission:

<u>Name</u>	<u>Shareholding</u>
Gartmore Investment Manager	48,201,000
Lansdowne Partners	46,177,012
Moore Capital Management	21,000,000
QVT Financial	30,233,681

- 6.8 The Directors are not aware of any arrangements, the operations of which may at a subsequent date result in a change of control of the Company.
- 6.9 The total remuneration received by the Directors and paid by the Company, including the pro rata portion of annual fees set out in paragraph 6.10 below, in respect of the period ending 30 June 2007 was as follows:

<u>Name</u>	<u>Fee in €</u>
Jens Engwall	102,123
Kari Österlund	40,849
Michael Hirst OBE	40,849
Christopher Lovell	20,425
Martin Sabey	20,425

As a result of his position within London & Regional Group, Ian Livingstone does not receive any fees for his services as a director. No sums were accrued by the Company in respect of pension, retirement or similar benefits.

6.10 Each of the Directors has signed a letter of appointment with the Company setting out the terms of his appointment. The letters of appointment are for an initial term of one year or, in the case of the Chairman, three years commencing on 27 October 2006 but may be terminated at any time on three months' notice. There are no service contracts in existence between the Company and any of the Directors, nor are any proposed. The annual fee payable to each Director under the terms of their letter of appointment are as follows:

<u>Name</u>	<u>Fee in €</u>
Jens Engwall	150,000
Kari Österlund	60,000
Michael Hirst OBE	60,000
Christopher Lovell	30,000
Martin Sabey	30,000

6.11 Save as set out above, there have not been since incorporation and there are no existing or proposed service contracts between any of the Directors and the Company or any member of the Group providing for benefits upon termination of employment.

6.12 The following related party transactions are transactions which, as a single transaction or in their entirety, are or may be material to the Company and have been entered into by the Company or any other member of the Group within the period commencing on the incorporation of the Company and terminating immediately prior to the date of this document. In the opinion of the Directors, each of the transactions was concluded at arm's length:

- (a) the 2006 Nordic Purchase Agreement;
- (b) the Management Agreement;
- (c) the Rental Shortfall Guarantee;
- (d) the 2006 Underwriting Agreement.

In addition, the following lease agreements have been entered into:

- (e) Lease agreement Stockholm Katthavet 8 "Berns Hotel"

Berns Group AB, which is a subsidiary of the London & Regional Group but is not part of the Group, is currently leasing the entire building Katthavet 8 "Berns Hotel" which is part of the Nordic Portfolio. The lease is for an initial term of 10 years from 1 July 2005 and, if not terminated at that time, continues for additional five-year terms. The rent is based on a percentage of turnover once a certain minimum turnover has been achieved, subject to a fixed minimum rental. Both the minimum turnover threshold and the fixed minimum rental amount increase in accordance with the consumer price index. Berns Group AB has the automatic right to renew the lease so long as it is not in default and a specified financial target has been met for each of the three financial years prior to the renewal date. Berns Group AB is responsible for property taxes and utilities. Berns Group AB is also responsible for maintenance save in respect of some items. The agreement is not drafted as a market standard lease but the terms of the agreement are drafted in such way that the Directors consider them to be normal in an arm's length transaction between unconnected parties.

- (f) Lease agreement Åre Mörviken 8;1, "Åre Holiday Club"

Holiday Club Sweden AB, which is a subsidiary of London & Regional Group but is not part of the Group, is currently leasing the building Åre Mörviken 8;1 which is part of the Nordic Portfolio. The lease is for an initial term of 20 years from 1 September 2005 and, if not terminated at that time, continues in effect unless terminated upon 12 months' notice. The rent is based on a percentage of turnover, subject to a fixed minimum rental which increases in accordance with the consumer price index. Holiday Club Sweden AB is responsible for management, maintenance, cleaning, utilities, insurance and damage to the property. Holiday Club Sweden AB is also responsible for repairs save, in some cases, for basic repairs and structural faults. The agreement is not drafted as a market standard lease but the terms of the agreement are drafted in such way that the Directors consider them to be normal in an arm's length transaction between unconnected parties.

Ian Livingstone is an Affiliate of, and thus may be deemed to have an indirect interest in, each of the members of the London & Regional Group that is a party to the agreements listed in (a) to (g) above. Kari Österlund is a director of Holiday Club Resorts Oy, an Affiliate of London & Regional Group.

7. OPTION AGREEMENTS

The following summary sets out the principal terms of the options (the “Options”) granted by the Company to Jens Engwall, Kari Österlund and Michael Hirst OBE (the “Option Holders”) under the Option Agreements.

7.1 Individual Limits

The Option Holders have been appointed to the Board as a non-executive Directors of the Company. Options have been granted to each of Jens Engwall, Kari Österlund and Michael Hirst OBE over 428,571, 57,143 and 57,143 Shares respectively at an option exercise price per Share equal to €1.05. This represents 0.14 per cent. of the entire issued share capital of the Company as at 12 December 2007 (being the most recent practicable date before publication of this document) and 0.1 per cent. of the Fully Diluted Share Capital.

7.2 Exercise and Lapse of Options

The Options will normally be exercisable between the third and tenth anniversaries of the date of grant. No performance conditions are required to be met. If an Option Holder ceases to be a non-executive Director of the Company for cause or because of his voluntary decision, his Options will automatically lapse. On a change of control or if the Option Holder ceases to be a non-executive Director of the Company for any reason other than those aforementioned, the Options may be exercised for a fixed period. The Options will lapse on the expiry of ten years from their date of grant.

7.3 Issue of Shares and Other Rights

Until the Options are exercised, the Option Holders have no voting or other rights in respect of the Shares under their Options. Shares issued pursuant to the Option Agreements shall rank *pari passu* in all respects with the Shares already in issue except that they will not rank for any dividend or other distribution announced prior to the date of exercise. The Options are not transferable nor are they pensionable.

In the event of any variation in the share capital of the Company, adjustments to the number of Shares subject to the Options and the exercise price may be made by the Board in such manner and with effect from such date as the Board may determine to be appropriate.

7.4 Administration and Amendment

The Option Agreements are administered under the direction of the Board and may be amended from time to time by resolution provided that no amendment shall be effective unless agreed in writing with the Option Holders.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) are all of the contracts which have been entered into by the Group since incorporation, and which are or may be material or are contracts entered into by the Group which contain any provisions under which the Group has any obligation or entitlement which is or may be material to the Group at the date of this document:

8.1 Management Agreement

The Management Agreement dated 10 November 2006 is between the Company, the Manager, the Company’s subsidiaries which own real estate assets at the date of the agreement and LR Nordic Properties AB (the previous asset manager of the Nordic Portfolio) and sets out the terms on which the Manager is to provide acquisition, asset management, advisory and administration services to the Group and to new subsidiaries which join the Group after the date of the agreement. Under the terms of the agreement, the Manager is appointed for an initial term of five years which automatically renews for a further three years unless 12 months’ notice is served by the Company or the Manager. Thereafter there is provision for

two further three-year extensions subject to the mutual agreement of the Company and the Manager. The Manager is required to commit sufficient resources to enable the proper performance of the services and in particular certain key employees of the Manager are to devote not less than 75 per cent. of their time to the performance of the services. The Manager is given authority by the Company to implement the Group's investment strategy by conducting acquisition, disposal, tenancy, restructuring or letting transactions of any property (or group of properties) with a Gross Asset Value of less than €50 million subject to the Manager keeping the Company fully informed and the Company having the right to inform the Manager that it should not proceed with the transaction at any time. Under the terms of the agreement the Manager is to be paid the following:

- (a) an advisory and management fee equal to 0.4 per cent. based on the average Gross Asset Value of all properties owned by the Group as assessed at the start and end of each accounting period (1 January to 31 December) together with properly incurred direct external costs and disbursements. This fee is payable monthly in arrears; and
- (b) a performance fee payable annually in arrears in respect of each accounting period equal to 25 per cent. of:

$TR \times NAV_1 \times$ number of Shares in issue at the end of such accounting period (deducting any Shares issued since the end of the last accounting period in respect of which a performance fee was paid)

where:

$$TR = \frac{DD}{NAV_1} + \left[\frac{NAV_2}{NAV_1} - 1 \right] - 0.1$$

where:

- (i) NAV_2 is the Net Asset Value on the last day of the accounting period as published with the annual financial statements of the Company in respect of that accounting period divided by the number of shares in issue on the last day of the accounting period.
- (ii) NAV_1 is the Net Asset Value on the last day of the previous accounting period as published with the annual financial statements of the Company in respect of such previous accounting period divided by the number of shares in issue at such date (but in respect of the first accounting period to 31 December 2007, shall be €535,763,598 divided by 443,867,286 (being the number of shares in issue immediately following the Company's admission to AIM on 15 November 2006)).

If no Performance Fee was due in respect of the previous accounting period, then the following shall be substituted for NAV_1 :

$$((NAV_1 \text{ determined in accordance with the foregoing}) - DD) \times 1.1$$

- (iii) DD is a sum in Euro equal to the aggregate amount of dividend(s) (if any) distributed per Share during that accounting period.
- (iv) "Net Asset Value" shall be the figure published in the annual financial statements of the Company for the relevant accounting period at the end of such period but adjusted as follows:
 - (A) no liabilities or provisions shall be recorded in respect of deferred taxation in respect of revalued properties on acquisition, nor shall related goodwill be shown;
 - (B) any amounts charged in respect of any asset or liability in respect of financial instruments which have been valued under the provisions of IFRS shall be added back and any amounts credited in respect of any asset or liability in respect of financial instruments which have been valued under IFRS shall be deducted, and any related goodwill disregarded; and
 - (C) excluding the impact of loan arrangement fees.

In calculating the Performance Fee, the Net Asset Value and the number of Shares in issue at any time shall be determined as if all of the Convertible Loan Notes had been converted.

The Performance Fee is to be paid in cash (subject to available cash resources) subject to a maximum payment for any accounting period of 10 per cent. of Adjusted FFO and the balance of the Performance Fee (if any) is to be paid through the issue of Shares or, at the Company's election, Convertible Loan Notes.

The Manager will also have the right to reimbursement of certain expenses including professional advisers' fees. The Manager may, at its own cost and with the Company's prior approval, delegate performance of the

asset management services but not any other services and it is not permitted to engage in any activities other than provision of the services to the Group. The Company is to have a right of first refusal in respect of any opportunity sourced by or offered to the Manager to acquire investment assets in Denmark, Finland, Norway, Sweden, Lithuania, Latvia, Estonia, and Baltic Russia having a minimum 80 per cent. occupancy rate, an average unexpired term of six months for any occupational leases and which are of accepted institutional quality.

The Manager may terminate the agreement on six months' notice if the Company (a) goes into liquidation or commits an act of bankruptcy under the laws of Jersey; (b) commits a material breach and fails to remedy after notice; or (c) commits a fraudulent act. The Company may terminate on up to six months' notice if (i) the Manager is in breach due to a fraud, dishonesty or wilful misconduct or neglect; (ii) the Manager is insolvent; (iii) the Manager is in breach and fails to remedy after notice; (iv) the Manager suffers a change of control; (v) the conflict provisions are breached; (vi) the Manager fails to perform its obligations for three months due to force majeure; or (vii) the Manager fails to replace a key individual who leaves or to provide sufficient resources to perform the services.

8.2 Rental Shortfall Guarantee

The Rental Shortfall Guarantee, dated 10 November 2006 and entered into between the Manager and the Company, imposes an obligation on the Manager to pay to the Company an annual sum of SEK 36,566,000 for the period commencing on 1 January 2007 and expiring on 31 December 2009 in equal monthly instalments. The payments are in respect of properties in Sweden to be vacated from 1 January 2007 by ABB Fastighet AB pursuant to notice given under the master lease agreements described in paragraph 8.9 below. In connection with the completion of the sale referred to in paragraph 8.10 of this Part X of this document, the guaranteed amount is expected to be reduced to reflect such sale.

To the extent that the Group (through the relevant property-owning entities in Sweden) receives rental income in respect of the relevant properties, then the amount of the payments from the Manager are to be reduced. However, the Company does not take credit risk on the occupational tenants. The Company has the right (but no obligation) to set off payments under the Rental Shortfall Guarantee against the Management Fee and/or the Performance Fee payable pursuant to the Management Agreement. Income will only qualify to reduce the shortfall guarantee payments by the Manager to the extent that the relevant occupancy is approved by the Company. The Company may not unreasonably withhold or delay its consent.

8.3 2006 Nordic Purchase Agreement

Under the Nordic Purchase Agreement 2006 dated 10 November 2006 made between LR Swedish Holdings No.1 AB (the "Seller"), LR Sweden (the "Buyer"), London & Regional Group Holdings Ltd and the Company, the Seller agreed to sell and the Buyer agreed to buy the entire issued share capital of LR Swedish Holdings No. 2 AB (being merged with LR Navidad Holding AB) and LR Finnish Holdings Oy (the immediate parent company of LR Finland Properties AB) (the "Acquired Companies" and, together with their subsidiaries, the "Acquired Group") and the Company agreed to buy from the Seller certain receivables owing to the Seller by the Acquired Companies.

At completion (a) the Buyer procured that any inter-company debt owed by the Acquired Group to London & Regional Group was repaid; (b) the Seller procured that any inter-company debt owed by London & Regional Group to the Acquired Group was repaid; and (c) the Company paid to the Seller SEK 908,000,000 in cash equal to the amount of cash in the Acquired Group at the date of the Company's admission to trading on AIM and issued to the Seller 277,189,620 Shares and €96,845,470 nominal Convertible Loan Notes.

Following completion the Seller was required to produce completion accounts setting out the aggregate net asset value of the Acquired Group prepared in accordance with IFRS subject to certain agreed adjustments (in particular, the properties were valued at the valuations prepared by DTZ for the purposes of the AIM Admission Document translated into Euro at the rate of €1 to SEK 9.2835 and no provision will be made for deferred taxation in respect of revalued properties on acquisition, nor related goodwill, and assets or liabilities in respect of financial instruments which have been valued under IFRS and related goodwill shall be ignored) and the consideration payable was adjusted by reference to the net asset value assessed using those completion accounts and the dispute resolution mechanism set out in the agreement.

The Company guaranteed the obligations of the Buyer and London & Regional Group Holdings Ltd guaranteed the obligations of the Seller under the Purchase Agreement.

The Seller gave certain warranties and indemnities to the Buyer upon execution of the agreement and at completion. The maximum liability of the Seller is capped at €75 million.

8.4 Other Purchase Agreements

By two agreements dated 3 August 2006, LR Swedish Holdings No. 2 AB and LR Finnish Holdings Oy (each of which was then ultimately owned by Richard Livingstone and Thomas Lindeborg) acquired the entire issued share capitals of LR Navidad Holding AB and LR Finland Properties AB (each being holding companies for London & Regional Group's principal interests in Sweden and Finland respectively) from LR Nordic Properties AB (a subsidiary of London & Regional Group Holdings Ltd) for a consideration equal to the net asset value of the companies acquired subject to certain agreed adjustments (in particular the properties were valued at the valuations prepared by DTZ for the purposes of the AIM Admission document and no adjustment will be made on account of tax on any inherent gains on the properties).

8.5 The Original Facility

(a) General

LR Navidad Holding AB, LR Finnish Holdings Oy and LR Swedish Holdings No.2 AB (the "Borrowers") entered into the Original Facility on 31 July 2006 with, *inter alia*, Citi Global Markets Limited as arranger.

The Original Facility provides for senior facilities in a maximum aggregate principal amount of €1,391,952,572 and SEK 910,732,439 consisting of the "A Term Loan Facility" of €1,304,436,079, the "B1 Term Loan Facility" of €87,516,493, the "B2 Term Loan Facility" of SEK 910,732,439 and a €10 million revolving facility known as the "Revolving Credit Facility" (together the "Facilities").

The A Term Loan Facility, the B1 Term Loan Facility and the B2 Term Loan Facility (the "Term Facilities") are five-year term loans available for the purpose of *inter alia* financing the acquisition of the Nordic Portfolio and have been fully drawn down.

The Revolving Credit Facility is a five-year facility available for the general working capital requirements of the Group. It is capable of being utilised by way of the drawing of loans.

Each of the Term Facilities and the Revolving Credit Facility may be extended for a period of up to two years at the request of the Borrowers provided that certain conditions are satisfied including that a minimum loan to value ratio is met on the date of the extension.

(b) Interest Rates and Fees

Utilisations under the Original Facility will bear interest at a rate per annum equal to EURIBOR or STIBOR (as appropriate) plus a margin of 1.20 per cent. and any mandatory costs. Each Borrower has hedged its EURIBOR/STIBOR obligations by entering into fixed rate interest swaps with Citibank, N.A., London Branch.

A commitment fee is payable on the undrawn portion of the Facilities at the rate of 0.50 per cent. per annum on the undrawn, uncanceled amount of each lender's commitment. Customary upfront fees are payable to the lenders for making the Facilities available. These fees amounted to €14.4 million.

(c) Guarantees

The Swedish and Finnish subsidiaries in the Group are guarantors under the Original Facility, however, there is no material subsidiary test requiring a certain percentage of the Group to provide guarantees.

The facility agent can require that additional guarantors accede to the Original Facility. A mechanism in the Original Facility enables any guarantor to be released provided that the majority lenders consent and the relevant obligor is disposing of the shares in the relevant guarantor.

Obligations of the Swedish guarantors are limited as required by the provisions of the Swedish Companies Act (*Sw, Aktiebolagslagen (2005:551)*). Obligations of the Finnish guarantors are limited as required by the provisions of the Finnish Companies Act (734/1978).

(d) Security

The following security has been granted in support of the obligations of the Borrowers and guarantors (together the “Obligors”) under the Original Facility:

- (i) pledges over the entire issued share capital of each Obligor;
- (ii) pledges of all mortgage certificates in Sweden and all real estate mortgage certificates in Finland and Denmark;
- (iii) pledges of all insurance policies;
- (iv) assignments of the rights of each borrower in the hedging arrangements entered into with Citibank, N.A., London Branch;
- (v) an assignment of the rights of each Obligor in the property management agreement; and
- (vi) an assignment by each Obligor of its interest in any intercompany receivables.

(e) Covenants

The Original Facility requires the Obligors to observe certain customary undertakings, including undertakings relating to delivery of financial statements, insurances, material leases, authorisations being obtained and maintained, compliance with laws (including environmental laws), payment of taxes, hedging, pension schemes, and *pari passu* ranking.

The Original Facility requires the Obligors to comply with certain customary negative covenants including covenants relating to creation of security interests, disposals, financial indebtedness, lending and guarantees, mergers, acquisitions, joint ventures and change in business.

Should the Obligors breach any of the above covenants, excess cash flow will be applied in prepayment of the Original Facility.

(f) Maturity and Amortisation

The Facilities are to be repaid in a bullet repayment on the fifth anniversary of the first utilisation date (the “Final Maturity Date”). The Term Facilities will cease to be available 90 days after the date of the Facility. The Revolving Facility will cease to be available one month prior to the Final Maturity Date.

(g) Prepayment

The Facilities are required to be repaid in full immediately upon the occurrence of certain events including a change of control. The Borrowers may prepay amounts outstanding under the Term Facilities, without penalty or premium, in whole or in minimum amounts of €10 million upon five business days’ notice to the facility agent. Prepaid amounts under the Term Facilities may not be redrawn.

(h) Events of Default

The Original Facility contains certain customary events of default including failure to pay, misrepresentation, cross-default, breach of certain undertakings, insolvency and insolvency proceedings, cessation of business, ownership of obligors and material adverse change.

8.6 Administration Agreement

The Company is party to an administration agreement with Northern European Properties II Limited (the “Subsidiary”) (a wholly-owned subsidiary of the Company incorporated in Jersey) and Sanne Trust Company Limited (the “Administrator”) dated 10 November 2006 (the “Administration Agreement”) pursuant to which the Administrator provides for the day-to-day administration of the Company and the Subsidiary including maintenance of accounts and records and provision of a company secretary.

For the provision of services under the Administration Agreement, the Administrator is entitled to receive fees which will be agreed between the Company and the Administrator, subject to an annual capped fee proposal of £22,000 plus a fee of up to £2,000 per *ad hoc* meeting (excluding company incorporation and other initial fees). In addition to the fees payable, the Company will reimburse the Administrator for all reasonable expenses incurred by the Administrator in connection with the performance of its services under the Administration Agreement.

The Administration Agreement is to continue indefinitely unless three months' notice of non-renewal is delivered by the Company, the Subsidiary or by the Administrator. The Administration Agreement may be terminated immediately by the other party if the other party is materially in breach of the Administration Agreement and fails (in the case of a breach capable of being remedied) to remedy such breach within 30 days of receipt of a written notice from the other requiring it to do so, or if the other party is insolvent or goes into liquidation.

The Administrator will not be liable for any loss or damage suffered by the Company or the Subsidiary or any other person in connection with the Administration Agreement, unless such loss or damage arises directly or indirectly from some act of wilful default, fraud or negligence. The Company has indemnified the Administrator against all actions, proceedings, claims and demands (including various costs and expenses directly incidental thereto), which may be brought or made against the Administrator in respect of any loss or damage sustained or suffered in connection with the performance or non-performance of its duties save to the extent that such loss or damage arises from the fraud, wilful default or negligence of the Administrator.

The Administration Agreement is governed by Jersey law.

8.7 Registrar Agreement

The Company is party to a registrar agreement with Capita Registrars (Jersey) Limited (the "Registrar") dated 10 November 2006 (the "Registrar Agreement"), pursuant to which the Registrar will provide registration services to the Company which will entail, among other things, the Registrar having responsibility for the transfer of shares, maintenance of the share register and acting as transfer and paying agent.

For provision of the registrar services, the Registrar is entitled to receive a basic fee based on the number of Shareholder accounts subject to an annual minimum charge of £5,000. In addition to this basic fee, the Registrar is entitled to receive additional fees for specific actions.

The Registrar has appointed Capita Registrars (the "U.K. Transfer Agent") to provide transfer agent services to the Company, for which it will receive a fee payable by the Registrar. The Registrar will remain liable to the Company for the activities of the U.K. Transfer Agent.

The Registrar Agreement will continue unless three months' notice to terminate is given by the Company or three months' notice to terminate is given by the Registrar. The Registrar Agreement may be terminated immediately by the Company if the Registrar is no longer permitted or qualified to perform its obligations under any applicable law or regulation or if the Registrar amends its fees. The Registrar Agreement may be terminated immediately by either party on the occurrence of certain specified events or if the other party is materially in breach of the Registrar Agreement and fails (in the case of a breach capable of being remedied) to remedy such breach within 30 days of receipt of a written notice from the other requiring it to do so.

Except in the case of the fraud of the Registrar or its agents, officers or employees, the aggregate liability of the Registrar and its agents, officers or employees arising out of or in connection with the Registrar Agreement will be limited to the lesser of £1,000,000 or an amount equal to ten times the total annual fee payable to the Registrar and the Registrar or its agents, officers or employees shall not be liable to the Company in connection with the Registrar Agreement for indirect or consequential loss or damage, loss of profit, revenue, actual or anticipated savings or goodwill, in all cases (whether caused by negligence or otherwise). The Company has indemnified the Registrar and its agents, officers and employees against all and any liabilities which may be suffered or incurred by the Registrar and its agents, officers and employees in connection with the performance of its duties under the Registrar Agreement save to the extent that such liabilities may be due to the negligence, wilful default, or fraud of the Registrar or its agents, officers or employees.

The Registrar Agreement is governed by Jersey law.

8.8 2006 Underwriting Agreement

Under the terms of the 2006 Underwriting Agreement entered into on 10 November 2006 between the Company, LR Swedish holdings No.1 AB, the Directors, the Manager, the Nominated Adviser and the Underwriter, subject to certain conditions, the Underwriter agreed to subscribe for 166,666,666 new ordinary Shares and purchase 166,666,666 Shares being sold by LR Swedish holdings No.1 AB, each at a price of €1.05 per Shares for resale to Investors procured by the Underwriter. In addition, LR Swedish holdings No.1 AB granted the Underwriter an option to purchase up to an additional 50,000,000 Shares.

The Underwriting Agreement contained, amongst others, the following provisions:

- (a) The Company appointed Citi Global Markets Limited as Underwriter, Global Co-Ordinator and bookrunner.
- (b) The Company appointed Citi Global Markets U.K. Equity Limited as Nominated Adviser. In its capacity as nominated adviser, Citi Global Markets U.K. Equity Limited agreed to provide such advice and guidance to the Company and the Directors as to their responsibility and obligations to ensure compliance by the Company on an ongoing basis with the AIM Rules and as the Directors or the Company may reasonably request from time to time. The agreement in respect of the Nominated Adviser appointment is terminable on three months' prior written notice at any time after the expiry of the first nine-month period or at any time thereafter, and is terminable immediately in certain circumstances.
- (c) The Company appointed Citi Global Markets U.K. Equity Limited as the Company's broker as required by the AIM Rules for the Company. In its capacity as broker, Citi Global Markets U.K. Equity Limited agreed to provide such information and guidance to the Company in relation to the market for its Shares and providing such information about the Company as the London Stock Exchange may specify. The agreement in respect of the broker appointment is terminable on three months' prior written notice at any time after the expiry of the first nine-month period or at any time thereafter, and is terminable immediately in certain circumstances.
- (d) The Company and the Selling Shareholder agreed that the Underwriter may deduct from the proceeds of the offer payable to the Company a commission of 2.5 per cent. of the amount equal to the offer price multiplied by the aggregate number of offer Shares which the Underwriter agrees to subscribe for or purchase pursuant to the terms of the Underwriting Agreement. In addition, the Company may pay to the Underwriter an additional commission of up to 1 per cent. of the amount equal to the offer price multiplied by the aggregate number of offer Shares. All commissions will be paid together with any value added tax chargeable thereon.
- (f) The Company agreed to pay or cause to be paid (together with certain related value added tax) certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the offer and/or Admission. In addition, the Company, in certain circumstances, agreed to pay and/or reimburse any stamp duty or stamp duty reserve tax arising out of or in connection with the arrangements that are the subject of the Underwriting Agreement (together with certain related value added tax).
- (g) The Company, the Selling Shareholder, the Manager and the Directors gave certain representations and warranties to the Underwriter and the Nominated Adviser. The Company, the Selling Shareholder and the Manager have also given certain indemnities to the Underwriter and the Nominated Adviser.

8.9 ABB Master Lease Agreements

- (a) **Allingsås Bulten 1 (ABB Fastighets AB, 0625+T1)**

The tenant has the right to early termination of contract at four given dates (31 December 2003, 31 December 2008, 31 December 2013, 31 December 2018) by giving 12 months' notice and by paying predetermined sums as adjusted according to the agreement.

- (b) **Västerås Mimer 5, Ottar 5, Ottar 6, Finnslättan 1, Finnslättan 4, Västerås 3:84, 3:85, 3:86, 3:87, 3:88, 3:89, Isolatorn 3 and Örjan 1**

The master lease agreement "Hyresavtal mellan ABB Fastighet AB och Fastighets AB Melker, Fastighets AB Finnslättan" ("Västerås MLA") includes lease agreements regarding the following properties in the municipality of Västerås: Mimer 5, Ottar 5, Ottar 6, Finnslättan 1, Finnslättan 4,

Västerås 3:84, 3:85, 3:86, 3:87, 3:88, 3:89, Isolatorn 3 and Örjan 1. Several of these properties also have other tenants with separate lease agreements.

The Västerås MLA (as subsequently varied) provides ABB with the right to cease renting parts of the demised land during the term of the lease. ABB must give 12 months' notice, after 31 December 2006 in order to cease renting areas up to a maximum equivalent to 14.45 per cent. of the original base rent. After 31 December 2011 the right to cease renting parts of the demised premises increases to 40.7 per cent. of the original base rent. The rent shall be reduced accordingly from such dates.

The original base rent was SEK 285,109,194 (subject to annual indexation increases).

ABB may transfer the Västerås MLA to a third party after receiving the landlord's approval. The landlord must give his approval if the transfer of the Västerås MLA is made to a company within the ABB group of companies. Approval must be given if the company has been rated AA- or a similar ranking by an independent credit-rating institute. Approval must also be given if ABB guarantees the fulfilment of the agreement with the new tenant. A new tenant shall enter into a new agreement with the landlord on the same terms as set out in the Västerås MLA.

(c) **Ludvika Ludvika 4:39, Ludvika 4:41, Ludvika 4:44, Ludvika 4:54, Rundeln 1 and Låset 1**

The master lease agreement "Hysesavtal mellan ABB Fastighet AB och Fastighets AB Taxen" ("Ludvika MLA") includes lease agreements regarding the following properties in the municipality of Ludvika: Ludvika 4:39, Ludvika 4:41, Ludvika 4:44, Ludvika 4:54, Rundeln 1 and Låset 1. Several of these properties also have other tenants with separate lease agreements.

The Ludvika MLA (as varied) provides ABB with the right to cease renting parts of the demised land during the term of the lease. The tenant may with 12 months' notice, after 31 December 2006, cease renting areas equivalent to 24.22 per cent. of the original base rent. The percentage increases to 49.22 per cent. after 31 December 2011.

The original base rent as defined in the Ludvika MLA is SEK 75,495,992 (subject to annual indexation increases).

The tenant may transfer the agreement to a third party after receiving the landlord's approval. The landlord must give his approval if the transfer of the lease agreement is made to a company within the ABB group of companies. Approval must be given if the company has been rated AA- or a similar ranking by an independent credit rating institute. Approval must also be given if ABB guarantees the fulfilment of the agreement with the new tenant. A new tenant shall enter into a new agreement with the landlord on the same terms as set out in the Ludvika MLA. The tenant has the right to sublet the premises in whole or in part without prior consent from the landlord as long as the new sublessee carries out business activities that are subject to VAT.

(d) **Karlskrona Verkö 3:4 (ABB Fastighet AB, 0624+T1)**

The tenant has a right to leave the property early at four given dates, 31 December 2002, 31 December 2007, 31 December 2012 or 31 December 2017, by giving 12 months' notice and by paying predetermined sums.

An amendment to the agreement stipulates that an additional rent of 2,500,000 SEK shall be payable during the term of the contract. Should the contract be terminated early, the additional rent shall nevertheless be payable throughout the original term of the contract.

An agreement to effect the sale of certain real estate assets including the properties referred to at paragraphs (a), (c) and (d) above, was signed on 26 November 2006 and completed on 13 December 2007. For further details please see paragraph 8.10 of this Part X of this document.

8.10 Kungsleden Disposal Agreement

Under a Share Purchase Agreement, signed on 26 November 2007 and completed on 13 December 2007, between LR Swedish Holdings No. 2 AB (the "Seller") and Kungsleden Lummer AB (the "Buyer"), the Seller agreed to sell and the Buyer agreed to buy the entire issued share capital of Goldcup D 3339 AB (ucn Fastighetsaktiebolaget Auricula), a newly incorporated company established for the purpose of transferring certain Swedish properties to the Buyer (the "Target").

On completion (i) the Target owned 20 separate legal entities acquired from companies within the Group, which own 14 real estate assets (ii) the Buyer paid the preliminary purchase price of SEK 2,486,867,830 and

(iii) the Buyer procured that the Target repaid its loans of SEK 421,907,750 to the Group companies that have sold the properties.

The calculation of the purchase price was based on (i) the difference between the book value on 1 December 2007 and the agreed value of the properties (SEK 2,943,000,000), (ii) the equity of the Target on 1 December 2007 and (iii) a fixed sum of SEK 1,614,000 relating to investments on one of the properties.

The Seller gave certain warranties to the Buyer and the maximum liability of the Seller is capped at the final purchase price with the exception of breaches relating to ownership of shares in the Target, ownership of the properties and mortgages, in which case liability is capped at the agreed value of the properties (SEK 2,943,000,000).

The minimum threshold for individual claims in relation to the warranties is SEK 200,000 and the threshold for total losses is SEK 22,000,000. There is a reduced threshold of SEK 2,200,000 for total losses in relation to breach of warranties in respect of the lease agreements, rent reductions and tenant adjustments on properties.

There are no thresholds regarding liability for breach of warranties in relation to the formation of the Target, ownership of shares in the Target, taxes, ownership of properties, mortgages and invoicing of rents for the fourth quarter of 2007.

Further, there is no individual threshold for breaches of warranties related to certain matters under the lease agreements, rent reductions and tenant adjustments on the properties.

The Buyer indemnified the Seller and companies within the ABB Group against a change of use of any of the properties after the completion date.

9. WORKING CAPITAL

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company and the Group is sufficient for its present requirements, that is for at least 12 months from the date of this document.

10. CAPITALISATION AND INDEBTEDNESS

The following table shows the capitalisation and indebtedness of the Company as at 30 June 2007 (being the last date in respect of which the Company has published financial information) and as at 30 September 2007:

	<u>30 June 2007</u>	<u>30 September 2007</u>
	€ '000	€ '000
Total current debt	217.1	19.8
Guaranteed	—	—
Secured	217.1	19.8
Unguaranteed/Unsecured	—	—
Total Non-current Debt	1,421.6	1,438.3
Guaranteed	—	—
Secured	1,383.5	1,399.9
Unguaranteed/Unsecured	38.1	38.4
Cash and cash equivalents	(377.7)	(143.2)
Net indebtedness	1,261.0	1,314.9
Shareholders Equity	620.1	608.3
Share Capital	85.9	85.9

11. GENERAL

11.1 The Company is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability.

11.2 Save for the changes to the Nordic Portfolio as described in Part I of this document, there has been no significant change in the financial or trading position of the Group since 30 June 2007, being the date of the

Company's audited interim financial information for the period ending 30 June 2007 contained in Part V of this document.

- 11.3 The costs and expenses of and incidental to the Euronext Admission (including any irrecoverable VAT thereon) will amount to approximately €1.9 million.
- 11.4 PricewaterhouseCoopers LLP, a member of the Institute of Chartered Accountants in England and Wales, has been the only auditor of the Company since its incorporation.
- 11.5 Except for the Finnish Employees who have remained within the Group for tax reasons, and save for certain employees which are in the process of being transferred out of the Group, the Company does not have and does not expect that it will have, nor has it had since its incorporation, any employees and it neither owns nor occupies any premises.
- 11.6 The Company anticipates that its typical investors will be institutional and other sophisticated or professional investors who wish to invest in a predominantly income-producing investment who are capable themselves of evaluating the merits and risks of the investment and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.
- 11.7 The annual report and accounts of the Company will be made for the 12-month (or such shorter) period ending 31 December in each year, commencing with the year ended 31 December 2007. Copies of the annual audited financial statements will be sent to each Shareholder. It is expected that this will be within 120 days of the end of the relevant accounting period. In addition, copies of the annual audited financial statements and the semi-annual unaudited interim reports will be made available for inspection at and may be obtained upon request from the registered office of the Company shortly thereafter. These financial statements and reports will contain information as to the Company's net asset value as at their dates.
- 11.8 It is intended that the annual general meeting of the Company will normally be held in May or June of each year. The annual general meeting of the Company will be held in Jersey or such other place as may be determined by the Board of Directors. Notices convening the general meeting in each year will be sent to Shareholders at their registered addresses or given by advertisement not later than 21 days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses or by Shareholders requisitioning such meetings in accordance with Jersey law, and may be held in Jersey or elsewhere.
- 11.9 No application is being made for the Shares to be listed or dealt in on any stock exchange or investment exchange other than Euronext Amsterdam. Neither the Shares nor any securities of the same class as the Shares are already admitted to trading on any regulated market or equivalent market.
- 11.10 The business address of each of the Directors is the registered office of the Company.
- 11.11 The information set out in Part III of this document has been sourced from DTZ. The Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA, at the registered office of the Company and at the office of ING Bank N.V., Van Heenvlietlaan 220, 1083 CN Amsterdam, The Netherlands (the Company's Dutch Transfer & Paying Agent) during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until Euronext Admission:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the interim financial statements for the period from 23 October 2006 to 30 June 2007 announced on 20 September 2007;
- (c) the consent letters referred to in paragraphs 1.2, 1.4 and 1.6 of this Part X;
- (d) the Valuation Reports set out in Part XI of this document; and
- (e) this document.

PART XI
VALUATION REPORTS
PART (A)
DTZ VALUATION



17 December 2007

Northern European Properties Limited
13 Castle Street
St Helier
Jersey
JE4 5UT

Citigroup Global Markets U.K. Equity Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

Dear Sirs

Valuation of Northern European Properties Limited, Commercial Real Estate Portfolio Located in Sweden, Denmark, Finland, Poland, Germany & Lithuania — 93 Assets
Applicant : Northern European Properties Ltd

Terms of instruction, confidentiality and disclosure

1.1 Euronext Prospectus

We understand that this valuation report, schedule and appendices (the “Valuation Report”) are required firstly to confirm to the Directors of Northern European Properties Limited, the current Market Value of the Properties, and secondly, for inclusion in an Euronext prospectus which investors will rely on in making their decision to invest in the Company. We understand that this Valuation Report will be relied upon by Citigroup Global Markets U.K. Equity Limited and Citigroup Global Markets Limited.

1.2 Our appointment

In accordance with our Letter of Engagement we, DTZ Sweden, have considered the properties referred to in the attached schedule (the “Schedule”), in order to advise you of our opinion of the Market Value as at the 30 June 2007, of the respective freehold or leasehold interests (as appropriate) in each of those properties (the “Properties” or “Portfolio”) owned by Northern European Properties Ltd or one of its subsidiaries (the “Companies”).

1.3 Inspections

Properties comprising in excess of 90% by value of the Properties were inspected between 1 June 2006 and 16 June 2006, by representatives of DTZ. Inspections have taken place on a later date for properties that have been purchased in the last year.

1.4 Compliance with Appraisal and Valuation Standards

We confirm that the valuations have been prepared in accordance with the appropriate sections of the Practice Statements (“PS”) and United Kingdom Practice Statements (“UKPS”) contained within the RICS Appraisal and Valuation Standards, 5th Edition (the “Red Book”). This is an internationally accepted standard of valuation.

Whilst the valuation has been coordinated by DTZ out of Stockholm, the main inputs to the individual values have been provided by the DTZ offices in Sweden, Finland and Denmark, Poland and Germany. We do not have an office in Lithuania, but valuation and real estate advisory work for clients in Lithuania is undertaken out of Stockholm. This, therefore, is compliant with PS 1.2, which requires the valuer to “have sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently”.

1.5 Status of valuer and conflicts of interest

We confirm that we have undertaken the valuations acting as an External Valuer (as defined in the Glossary of the Red Book), qualified for the purpose of the valuation.

On 30 June 2007, DTZ valued all of the properties in the Portfolio.

DTZ have provided advice in the past on acquisitions made by the Applicant, both in Continental Europe and the UK. DTZ are one of a number of advisers used by the Applicant for advice on such acquisitions. However, we consider, and you have confirmed that this does not represent a conflict of interest.

1.6 Basis of valuations

In accordance with the instructions, we have undertaken our valuations on the basis of Market Value, as defined in the Appointment Letter.

The valuations are subject to our standard valuation terms, conditions and assumptions. In the event that any of our assumptions prove to be incorrect then our valuations should be reviewed.

1.7 Net Annual Rent

The net annual rent for each of the Properties is referred to in the Schedule. Net annual rent is defined for the purposes of this transaction as “the current income or income estimated by the valuer:

- (a) ignoring any special receipts or deductions arising from the property;
 - (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
 - (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent”.

The Schedule also includes the Estimated Net Annual Rent of each of the Properties. The Estimated Net Annual Rent is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

1.8 Information

In order to undertake the valuations, we were provided with the following:-

(a) Tenancy information

DTZ was provided with tenancy information at an asset level by the Companies in a schedule. This schedule provided information regarding all lease terms. We were provided with most of the actual lease agreements at the time we undertook the initial valuation in May 2005. In addition, for the current valuation, we were provided with copies of invoices.

(b) Title information

We were provided with a report prepared by MAQs, dated 26 October 2006 and updated on 3 August 2007 and 7 November 2007.

(c) Non-recoverable expenses

We were provided with historical information as to operating and maintenance costs both for 2005, 2006 and actual/budget for 2007.

(d) Planning

We have inspected the zoning plans for each property with the exception of the property in Lithuania.

1.9 Condition and environmental due diligence

We have not been provided with any environmental reports for any of the Properties. We understand that ABB are responsible for all environmental costs in respect of properties that they occupy according to the sale and purchase agreement entered into between ABB and the Companies.

1.10 Legal due diligence

We have read a Report on Title prepared by MAQs dated 26 October 2006. Within this Report there are a number of queries highlighted as follows:

1. One property, (Scandic Plaza) in Finland, was owned to 9/10 by Dividum Oy and 1/10 by a church. However, the Finnish legislation is formed in the way that one can have several owners to a property where each owns its part with building or building rights. In this case the valuation shows 9/10 of the property, meaning the part controlled by Dividum Oy.
2. One hotel, Holiday Club in Katinkulta, is located on two properties, with the lobby and part of the conference centre being on a different property to the rest of the hotel. However, it is our opinion that this construction has little influence on the market value due to the length of the occupational lease.
3. One property, Hästägaren 3 in Mölndal, has option clauses. In these cases the tenant has to pay market price (market value).

We have reflected the contents of the Report on Title referred to above in our assessment of Market Values reported herein.

2. Valuation methodology

In assessing the value of each of the Properties, we have considered a number of what we believe to be the key drivers to the valuation. These are the location of the individual assets, the use and quality of the building, the occupational tenant and the terms of the lease and in particular, the length of the unexpired term and finally, the relationship between the contracted rent and the market rent. On the basis of these, each of the Properties has been considered on the basis of an initial yield. This has been the primary “driver” to the valuation. One of the easiest ways to analyse actual market sales, without the benefit of knowing how the bidder “priced” their bid in terms of reversion, discount rate, is to look at the Day One yield by comparison of the purchase price to the contracted income.

We have also run in addition to this basis of valuation, parallel discounted cash flows on each asset.

The purpose of this valuation is to estimate the Market Value of the property at the valuation date. The Market Value is based on the future income of the property. In determining this, we look at what the property can and will be used for in the future and the possibilities for a purchaser to use the premises. The market value for existing leases affects commercial properties as well as costs for operating and maintenance and, of course, financing possibilities.

Regarding the Properties we have prepared a ten year DCF (discounted cash flow) analysis of each property. Depending on the length of the occupational leases the DCF analysis in some cases has been prolonged. The DCF analyses are based on calculations of the future rental income in accordance with the terms in existing leases, and estimations of the rental values when leases expire. Our estimations of the rental values are based on our knowledge of the rental market for these types of properties.

The value has been estimated from a cash flow model based on future returns from the property. Using this cash flow method, means that the future net operating income is projected as well as the future need for capital expenditures that is likely in a normal management case. The projected cash flows in the future are then discounted to the date of valuation. The residual value of the property at the end of the cash flow period is also discounted back to the date of valuation.

This model is based on market expectations on future developments of the net operating income and on yield expectations. This calculation excludes any influence from debt gearing.

Market information regarding future yield expectations, is often collected from transactions of similar properties on the market.

Having considered the value of each of the Properties individually, we then considered whether there might be a “portfolio” premium. The Red Book requires the valuer to value in the manner in which an asset would be offered for sale and priced by a purchaser. The Market Value is intended to represent the price that a willing purchaser would pay to a willing seller where both parties have acted knowledgeably and prudently. In a market where there is undoubtedly enormous competition from purchasers seeking to acquire real estate all over Europe and especially where the characteristics of that real estate provide in Continental European terms, long term secure income, then in our opinion there would be a premium if the individual Properties were to be offered as a portfolio as opposed to individually.

The owners of a portfolio spread the risk across many locations, not only within one country but, in the context of the Properties across four different countries. There is a spread of use and this can be seen by the pie chart in section 2.5 of Part I. The portfolio is well diversified across office, industrial, industrial/office, hotel and storage. There is also a spread of risk by tenant in that there are a large number of tenants and whilst in any business cycle some tenants will perform well and some will not, the impact at portfolio level is materially less than the risk at a single asset level.

There is much debate in the market in terms of analysing portfolio premiums. In our experience, we have seen ranges of up to and beyond a 10% premium being paid against a portfolio. We recognise that portfolio premiums are very much a function of time. There were instances, not so long ago, within the property cycles, where purchasers would acquire “wholesale” with a view to selling out “retail”, ie the portfolio had a lower value than the sum of the parts. The amount of cross border activity, driven by the amounts of capital that is currently available seeking to invest in European real estate means that there is now a premium for a portfolio. Recognising that this is a function of timing, we have applied a small element of premium; in this respect we have adopted a 2.9 % premium to the sum of the individual values.

3. Valuation summary

We are of the opinion that the aggregate of the Market Values as at 30 June 2007, of the freehold and leasehold interests in the Properties described in the Schedule was as follows:-

	<u>Local currency</u>	<u>Euro</u>
Sweden	SEK 9,470,363,200	1,024,931,082
Finland	Euro 709,290,000	709,290,000
Denmark	DKK 368,500,000	49,463,087
Lithuania	Euro 9,600,000	9,600,000
Germany	Euro 12,500,000	18,600,000
Poland	Euro 18,600,000	12,500,000
Plus 2.9% Portfolio Premium	Euro	52,907,141
TOTAL	Euro	<u>1,877,291,310</u>

(One Billion, Eight Hundred and Seventy Seven Million, Two Hundred Ninety One Thousand Three Hundred Ten Euro).

Assets were all valued in their local currency.

The exchange rates used are those as at the 30 June 2007. As at 30 June 2007 the exchange rate was 1 Euro = 9.24 SEK and 1 Euro = 7.45 DKK.

4. No significant change

Assuming there has been no change in the tenancy position, or income profile for each asset since 30 June 2007, as far as we are aware, there has been no significant change in the Market Values of the Properties described in the Schedule between 30 June 2007 and the date of this Valuation Report. The Company has disposed of a portfolio of 14 properties in Sweden and one single additional property. As far as we are aware, this does not result in a significant change in the Market Values of the Properties described in the Schedule between 30 June 2007 and the date of this Valuation Report. We have reviewed the MAQs due diligence report dated 26 October 2006, as amended by the MAQs supplemental legal due diligence report dated 7 November 2006 and 3 August 2007 and confirm that the contents of such reports do not require us to revise our assumptions or our valuation discussed above.

5. Confidentiality and disclosure

The contents of this Valuation Report and Schedule may be used only for the purpose of this Valuation Report as set out above, which, inter alia, is to form part of the Euronext prospectus. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any other document, circular or statement and before its contents, or any part thereof, are otherwise disclosed orally or otherwise to a third party, the valuer’s written approval as to the form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt such approval (if required) is required whether or not DTZ are referred to by name and whether or not the contents of our report are combined with others.

A handwritten signature in black ink, appearing to read 'Sven Erik Hugosson', written in a cursive style.

Yours faithfully

SVEN ERIK HUGOSSON

DIRECTOR

FOR AND ON BEHALF OF

DTZ SWEDEN

Property Schedule

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Svea Artilleri 11, the municipality of Stockholm.	<p>The site has an area of 1,429 m². The address is Löjtnantsgatan 25 in Stockholm. The property is also facing Lidingövägen, a main road with heavy traffic. The Property is situated close to the CBD area. The area was developed at the beginning of the 1990s and the surrounding buildings consist primarily of offices and residential buildings from that time. The military headquarter is also situated close to property.</p> <p>On the site there is an office building erected 1992. The building comprising six storeys and a basement. The office floors have a mixture of cell offices and open plan solutions. The basement houses teaching rooms, storage areas, and boiler room, as well as changing rooms and showers. The building has a rather efficient layout and is of good modern standard.</p>	There are two major tenants in the building, the Swedish military and SBAB a stately owned bank. The lease with the military expires in 2008-12-31 and with SBAB in 2008-09-30.	8,393,352 SEK	10,347,552 SEK
Hästägaren 3, the municipality of Mölndal.	<p>The site has an area of 53,192 m². The property is located in the southern part of Mölndal nearby the main road Söderleden in an area with mixed office buildings and industrial buildings. The location is considered to be very attractive for office and storage/distribution purposes in the Gothenburg area.</p> <p>On the site there are two buildings.</p> <p>The first building comprises mainly office accommodation, mostly as cell offices but also some who is rebuilt to highly modern landscape offices. There is also a restaurant in the building for the employees. The building is quite new and added just recently. The premises are</p>	There is only one tenant in the building — KappAhl. Textiles companies in Sweden are believed to be in a high-risk trade due to the availability of cheaper textiles traders worldwide. However KappAhl is a well-known company with a good reputation. The rents are believed to be at market level. The lease expires in 2017-12-31.	31,238,523 SEK	31,238,523 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>considered to have very high standard and are very well maintained. There is no need for major capital expenditures.</p> <p>The second building comprises mainly premises for storage and distribution. The building is relatively new. The premises are considered to be very modern for storage purposes and are well maintained and there is no need for major capital expenditures.</p>			
Mimer 5, Ottar 5 & 6, the municipality of Västerås.	<p>The properties are situated in the centre of Västerås, between the CBD and an industrial park. The main shopping galleria in Västerås (Multi Centre) is situated on the opposite sides of two of the streets in front of the building on Ottar 5. The railway station is situated 100 m from the building on Ottar 6. The distance to the motorway E18 is 1 km.</p> <p>The Properties are made up of thirteen buildings. They were constructed in various phases between 1912 and 1961. Refurbishment and renovation works have been carried out since 1991. In addition to the buildings there are two viaducts within the Properties over Karlsgatan. The buildings are essentially integrated to varying degrees regarding technical support and communications systems. Physical communicating walkways or transportation corridors connect the majority of the buildings. Each building is surrounded by its own perimeter security.</p> <p>On Ottar 5 there is one building (217) erected in 1960. The building, called Melkerhuset, is made up of 10 stories with offices and three</p>	<p>The main tenant is ABB (44,400 m² and SEK 53,950,000).</p> <p>The lease with ABB is part of a master lease concerning 4 properties in Västerås.</p>	104,936,006 SEK	128,448,956 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>basement stories. Most premises were refurbished during the 1990s. Since then there have been various tenant improvements.</p> <p>On Ottar 6 there are two connecting buildings. Building 220 and 235. The buildings were erected between 1940 to 1945 and 1917 to 1919 respectively. The buildings are of five to eight stories. The older buildings also have a tower with six small stories, up to a maximum of eleven stories. There are also basements stories. There have been major refurbishments of the buildings during the 1990s and later.</p> <p>On Mimer 5 there are 10 buildings, originally erected between 1912 and 1955 as industrial buildings for manufacturing of goods for ASEA. Most buildings are of five to six stories without basements.</p>			
Isolatorn 3, the municipality of Västerås.	<p>The site has an area of approximately 69,463 m².</p> <p>The Property is located at Tegnér Industrial Park that is situated directly north of the E18 motorway. The motorway can easily be accessed from the main road at the entrance to the property. The CBD of Västerås is situated approximately one kilometre south of the property. The surrounding area is mainly occupied by residential properties. Some of these properties have been developed in the last few years. On the other side of the E18 there is an area called Kopparlunden, where old industrial buildings are undergoing refurbishment and are largely being converted to office use. However Isolatorn 3 is not believed to be an</p>	<p>The main tenants are ABB and Westinghouse.</p> <p>ABB is a global leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. Westinghouse Sweden operates in two business units: Nuclear Fuel and Nuclear Services.</p> <p>Westinghouse Sweden is a supplier of nuclear fuel and components, plant upgrades including nuclear automation, as well as nuclear services. The lease with ABB expires in 2016-12-31 and with Westinghouse in 2009-03-31 resp. 2023-03-31.</p>	37,832,022 SEK	38,392,222 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>attractive location for offices. In 10 or 20 years' time, this part of the site may be new residential buildings.</p> <p>On the site there are in excess of 20 buildings constructed between 1934 and 2000. Refurbishments and conversion to other uses have been carried out gradually. Many of the main buildings are of a standard corresponding to buildings constructed in the 1980s or 1990s. Other buildings on site are of an older standard. Over the years the nature of the operation has changed significantly, from a closed to an open multi-let industrial park. The main tenants use their premises for high-tech research. The same goes for many of the small new tenants.</p> <p>The buildings are grouped in several blocks, and are partially connected. In the south, close to the highway E18 buildings are mainly used as offices and laboratories. In the centre of the site are industrial buildings with office accommodation to the upper floors.</p>			
<p>Finnslätten 1, 4, Västerås 3:84-89, the municipality of Västerås.</p>	<p>The Properties are located at Finnslätten's industrial park, approximately four kilometres to the north of central Västerås. The E18 motorway is situated approximately two kilometres distant and can be reached via Bergslagsvägen or Malmbergsgatan.</p> <p>The site consists of a large industrial and office complex, which was originally owner-occupied by ABB. Over the past decade, Finnslätten's industrial park has been converted from a closed and closely monitored industrial park into an open industrial park. The existence of</p>	<p>Västerås is ABB's international centre for development and production of robotics. ABB has been the dominating company in the area for many years.</p> <p>It should be noted that especially areas let by ABB are more or less of a gross character as the tenant partly leases whole buildings.</p>	<p>173,159,702 SEK</p>	<p>207,630,602 SEK</p>

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>companies other than ABB has increased in recent years but is make up a small part of the total occupancy.</p> <p>The properties comprise 31 buildings. They were constructed in various stages between 1957 and 1998. Conversions and renovations have been carried over a number of years. The land use has changed significantly, from a heavy closed industrial park to an open industrial park with many high-tech companies.</p> <p>Just over half of the building portfolio comprises production premises. The share of production premises, however, has decreased in recent years, as operations at ABB have become increasingly knowledge-based. ABB's industrial college is located on the site as well as a building for health care and a restaurant building.</p>			
Örjan 1, the municipality of Västerås.	<p>The site has an area of 157,205 m².</p> <p>The Property is located southeast of central Västerås in the Saltängen industrial area. The E18 highway and national highway 66 are about two kilometres away via Surahammarsvägen.</p> <p>Västerås commercial centre is about four kilometres from the Property. The Property includes eighteen buildings. They were erected in various stages between 1920 and 2000. Conversions and renovations have been carried out gradually.</p> <p>Over the years the nature of the use has changed from heavy to light industry. The building portfolio mainly comprises three units. One comprises three attached</p>	<p>ABB is the major tenant. The lease expires in 2016-12-31, another major tenant is DSV (logistic company). This lease expires in 2008-12-31.</p>	28,666,389 SEK	32,486,589 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	office buildings, the second comprises a large production section and the third a warehouse with attached offices. The production section and the warehouse are attached to one unit. There are also several other buildings.			
Ludvika 4:39,4:41,4:44,4:54, Rundeln 1, Låset 1, The municipality of Ludvika	<p>The properties Ludvika 4:39, 4:41, 4:44, 4:54, Rundeln 1 and Låset 1 are located in the Lyviks area in the western part of Ludvika. The properties are situated on an industrial estate and benefit from their proximity to the National Motorway 60 which is located to the west of the estate and the railway which is situated to the east of the subject properties. The commercial centre of Ludvika benefits from train and the main bus station which are situated less than 1 kilometre to the north of the subject properties.</p> <p>ABB is the largest and most well established occupier in the area and benefits from its location on the largest industrial park in Ludvika.</p> <p>There are approximately 90 buildings situated on the subject site. The buildings were constructed between 1901 and 1996 and subsequent conversions and renovations have been carried out over the years. The properties have mainly been utilised for industrial purposes since their original construction and there are currently a number of uses on site ranging from manufacturing, offices, warehouse, laboratory and education. There are also a number of properties providing ancillary accommodation including an information centre, a high-powered laboratory and staff dining facilities.</p>	There is a master lease made between the landlord and ABB Fastighet AB concerning all premises. The lease period is from 1 April 2003 to 31 December 2016. Under the main lease, ABB has an option to vacate individual floors representing up to 25 per cent of the rent following 31 December 2006 and accommodation representing up to 50 per cent of the rent following 31 December 2011, subject to vacant floors being suitable for individual lettings.	73,659,937 SEK	81,989,137 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	The buildings comprise of a varying number of stories. The "headquarters" are constructed over 12 storeys, however the majority of other buildings are constructed over one to six storeys above ground. Some of the buildings also include basement accommodation.			
Asea 3, the municipality of Stockholm	<p>The site has an area of 107,841 m². The property is located in Västberga industrial park, about six km south of the city centre of Stockholm. The property is located about one km from the E4 and E20 highways. There are bus lines adjacent to the Property. It is about two km to Telefonplan and Liljeholmen, where there are subway stations as well as shops and other services. Alvsjö station is located within two km with commuter train and Alvsjömässan.</p> <p>Historically, the area has been characterized by industrial production. During the past fifteen years the area has been converted into office and warehouse use, as well as light industry. The property includes thirty-five buildings that can be divided into seven building units. Two building units contain the majority of the buildings and dominate the property portfolio. They were erected in various stages between 1929 and 1994. Conversions and renovations have been carried out over time. Since ABB left the area in 1993, the operation has changed character from heavy to light industry, such as warehouses with some offices.</p>	<p>There are several tenants in these buildings. The major tenants are IKAB Mailing and KGM Datadistribution. KGM Datadistribution has recently moved in to these premises and has signed a 10-year lease. These premises have been upgraded to fulfil the tenants' needs. The lease expires in 2013-08-31.</p> <p>There are also some vacant spaces; parts of these premises consist of low-grade offices. It is not possible economically to upgrade these premises and therefore the property owner plans to demolish them in order to get better access to other building.</p>	51,050,330 SEK	55,394,130 SEK
Bälgen 9, the municipality of Arboga	The site has an area of 72,571 m ² . The property is situated about 1 km west of the city of Arboga in an industrial area called Nästkvarn. The site is a freehold property. Large parts are asphalted for roads and	Only one tenant Försvarsmakten, (the Swedish military) which is a secure state-owned tenant. Lease until 2011-03-31. If the property was entirely vacant, it is estimated that the letting period of the premises would be app. 36 months.	13,661,091 SEK	13,661,091 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>parking. For storage (Industrial buildings) purposes, the location is quite good, as there is a lot of space for trucks and good access to main roads. Access to the E18 road is approximately 4 km away. There are approximately 152 allocated parking places on the site. The location is good for industrial and storage purposes</p> <p>On the site there is one dominating industrial building, one smaller storage building and a museum building. The industrial building was erected in 1950 and is erected on one floor. One part of the building contains offices on one to two floors. The building has been and is still used as a single tenant letting. Currently the building mostly contains storage premises (former industrial) but also office spaces. The office premises are in good condition dating from 1998-2004. All premises have either had major renovations or are newly built such as the canteen, which was built in 1998.</p>			
Säversta 8:28, the municipality of Bollnäs	<p>The site has an area of 21,445 m².</p> <p>The property is located on the outskirts of Bollnäs.</p> <p>On the site there is one building of one floor erected in 1979 and refurbished in 1997. It contains mainly production and office areas.</p>	ABB Fastighets AB lease the entire property until 2016-12-31.	1,686,302 SEK	1,857,052 SEK
Stenvreten 4:1, the municipality of Enköping	<p>The site has an area of 141,463 m².</p> <p>The property is situated about 2,5-3 km north of the city of Enköping in an industrial area called Stenvreten. The site is a freehold property.</p>	Försvarsmakten (the Swedish military) is the dominating tenant in the building. They are increasing their lettings in the property. They have been doing major reconstruction and renovation works in last year. The different leases expire between 2007-12-31 and 2011-06-30.	22,944,847 SEK	22,944,847 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>There are approximately 200 parking places on the site. A disused railway track is situated on the property. No commercial service in the area.</p> <p>Access to the E18 road is approximately 1 km away. For storage (Industrial buildings) purposes, the location is quite good; as there is a lot of space for trucks and good access to main roads. The location is good for industrial and Försvarsmakten's purpose. There is a regiment located adjacent to the subject property.</p> <p>On the site there is one main industrial building and one smaller office building. The industrial building was erected in 1962 and is on one-two floors.</p> <p>One connecting office building is on 7 floors above ground. The office building is empty. The industrial building contains of 9 connecting parts.</p> <p>The office premises are in good condition and of standard shape. Large areas were renovated or rebuilt between 1992-2005. Försvarsmakten has rebuilt new areas for reception and offices in recent years to a high standard.</p>			
Ribban 5, the municipality of Nyköping.	<p>The Property is in the Spelhagen area, or Nyköpings Strand, one of Nyköping's main areas for offices and industrial use. New offices, retail and residential buildings have been built here in recent years. The location is good for industrial and storage purposes.</p> <p>On the site there is one industrial building. The industry building was erected</p>	<p>ABB has around 3,000 m² currently vacant in their lease, which is going to expire in 2011-12. There will be a risk for vacancies after that.</p> <p>There are at the moment app. 3,200 m² vacant on the property.</p> <p>Most of the current leases are on market rent.</p>	22,892,568 SEK	23,845,968 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>in 1963 and is built on one-two floors. One smaller part has 4 floors. Currently the building consists of 6 parts. The larger additions were made in 1968 and 1975-76. Most of the building is on two floors. The upper industrial floor may be difficult to use in the future with less good logistics possibilities. The building also contains offices both on the first and second floors. Currently, the building mostly contains industrial space but also some office spaces, clothes wholesaler and glazier's workshop.</p>			
Fläkten 8, the municipality of Växjö.	<p>The property is situated south of Växjö city centre. It is situated close to the railroad and to main road R30, direction to Ronneby.</p> <p>North of the area is mainly residential and south is situated the psychiatric clinic, S:t Lars. There are few other industrial establishments in the area. Former ABB establishment dominates the area. Neighbour to the establishment are situated Mytec and Alstom. According to given information, Mytec has an activity that might be hazardous to the environment.</p> <p>There are nine buildings on the site. The buildings are from year 1920 to 1988. The largest building, nr 5004, is from 1961 and today it is empty.</p> <p>The buildings 5017 and 5018 are office buildings built 1975 and 1988 respectively. They were both constructed over two storeys. The last tenant will vacate at end of summer 2005.</p> <p>Building 5006 is the oldest building with several expansions from 1920. The area for workshop is let to somewhat more than 50%. The oldest parts and the offices are empty.</p>	<p>The main tenants are Alstom, Andritz and Fläktwood. All of these tenants are former ABB activities.</p> <p>The estimation of the running rents for offices is that they are over rented.</p> <p>If the premises in the property were all vacant it is estimated that the letting period of the premises would be more than 36 months. The major leases expire between 2007-12-31 and 2008-12-31.</p>	8,417,591 SEK	11,640,041 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	Building 5007 is a small workshop and office building it is empty today. Building 5010 is mainly an office building with good standard.			
	Building 5009 is a simple workshop building, mainly empty. Building 5019 is the entrance building, the guard. Building 5013 is a very simple building, called the barn.			
Bredskär 2, the municipality of Malmö.	The site has an area of 24,551 m ² . The address is Fårögatan 8, Malmö.	The building is vacated.	0 SEK	4,619,850 SEK
	It is situated in the industrial part of the harbour area. It is close to thoroughfare Västkustvägen.			
	There are two buildings on the site. One of the buildings is an office building with is empty since several years.			
Bulten 1, the municipality of Alingsås.	The property is situated in an industrial area, Nolby, some 2-3 km northeast of the centre of Alingsås.	There is one major tenant. ABB Fastighets AB. The premises are fully let. The lease expires in 2023-12-31	17,946,160 SEK	17,946,160 SEK
	On the site there is an industrial building originally erected in 1977 and refurbished and extended in 1996. The building contains production, storage and office areas.			
Verkö 3:4, The municipality of Karlskrona	The property is situated in Verkö industrial area in Karlskrona. The establishment has its own quay.	ABB Fastighets AB lease the entire property on a lease that expire in 2022.	27,239,319 SEK	27,239,319 SEK
	On the property is a large industrial building.			
Elektronen 3, the municipality of Jönköping.	The property is located in an office area approximately 700 m west of the central area of Huskvarna outside Jönköping. Other office areas, residential areas and a school surround the property.	The Major Tenant is ABB Fastighets AB. The leases expire in 2010-12-31.	752,887 SEK	3,099,887 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	There are two main building blocks. In 1967 the first office building of 5 storeys was built on the site for a computer company (W-data). In 1981 the second building was erected over one storey. The building has a concrete frame and concrete beams. The building has district heating, comfort cooling and mechanical ventilation with heat recovery.			
Murängen 2, the municipality of Sandviken.	The site has an area of 35,043 m ² . The property is located in Storvik in Sandviken. On the site there are six buildings of one floor erected in 1971, 1982, 1989, 1992. The buildings contain production, warehouse and office areas.	The major tenant is ABB Fastighets AB. The premises are almost fully let. The lease expires in 2008-12-31.	3,306,430 SEK	3,324,630 SEK
Geten 2, the municipality of Sundsvall.	The site has an area of 9,020 m ² . The property is located in the outskirts of Sundsvall. On the site there are three buildings of one to two floors erected in 1964 containing production, commercial and office areas.	ABB Fastighets AB is the main tenant. The lease expires in 2007-12-31 and 2008-12-31. Elteam AB is currently leasing 710 sqm expiring 2011-03. YIT is one of the major companies in Sweden within the facilities management sector. They are currently occupying 893 sqm of storage space expiring 2008-03.	1,843,020 SEK	3,478,020 SEK
Baggen 6, the municipality of Sundsvall.	The property is located in the outskirts of Sundsvall. The site has an area of 8,766 m ² . The address is Hovgatan 6, Sundsvall. On the site there are two buildings of one floor erected in 1973 and refurbished in 1994 and 2000. The buildings contain production and office areas.	ABB lease the entire property on a lease expires in 2008-12-31.	1,030,000 SEK	1,030,000 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Skotet 1, the municipality of Luleå.	<p>The site has an area of 15,000 m².</p> <p>The property is situated in Notvikens Industriområde in the outskirts of Luleå.</p> <p>On the site there are five buildings in one to two floors erected in 1976, 1984, 1988 and refurbished in 1995, 1998, 2000 and 2001. The buildings contain production and office areas.</p>	<p>YIT Sverige AB is currently occupying 681 sqm of office space, expiring 2010-12.</p> <p>ABB Fastigheter AB is currently occupying 6,228 sqm of production space, expiring 2007-12.</p>	4,297,754 SEK	4,671,554 SEK
Öjebyn 119:1, the municipality of Piteå.	<p>The property is located in Hamnvikens Industriområde in Piteå.</p> <p>The site has an area of 56,612 m². the address is Skylvägen 1, Piteå.</p> <p>On the site there are four buildings of one to two floors erected in 1967, 1977 and 1984. They contain production areas, warm warehouses and office areas.</p>	<p>ABB is currently occupying 19,149 sqm of production space, expiring 2011-12. The office space (628 sqm) is still vacant.</p>	4,263,417 SEK	4,472,417 SEK
Spolaren 4, the municipality of Norrköping.	<p>The site has an area of 16,464 m²., Norrköping.</p> <p>The property is situated about 1.5 km north of the city of Norrköping in an industrial area called Butängen. It is one of the most popular industrial areas in Norrköping. The site is a freehold property. Large areas are asphalted for roads and parking space.</p> <p>For storage (Industrial buildings), the location is quite good; there is a lot of space for trucks and good access to main roads. Visible from E66 road. The soil is clay.</p> <p>On the site there is a building erected in 1959.</p> <p>There is an office and industrial building on the property erected in 1959 Rebuilt: 1961, 1963, 1970.</p>	<p>The major tenants are ABB and KIY Sverige AB. The leases with ABB expire between 2009-12-31 and 2010-12-31 and with YIT in 2011-03-01.</p>	4,260,936 SEK	4,389,736 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	The office part occupies 4 floors and the industrial parts, one floor. The premises were refurbished in 1990. The structure is a concrete frames and brick and sheet metal facades.			
Fårbo 13:3, Fårbokvarn 1:1 and Figeholm 3:40,Utnäs 4 in the municipality of Oskarshamn	The sites have a total area of 155,086 m ² . They are situated in the municipality of Oskarshamn. The object consists of four properties, two of them are situated in the small village Fårbo and two of them are situated in the small village of Figeholm that is situated approximately 6 kilometres between Fårbo and Figeholm.	ABB is currently occupying 9,300 sqm of production space, expiring, 2008-06. Appr. 3,100 sqm are currently vacant.	3,247,030 SEK	4,017,530 SEK
Rausgård 22, the municipality of Helsingborg.	The site has an area of 123,683 m ² . The property is situated south of Helsingborgs city centre. It is situated close to the railroad and to thorough roads Landskronavägen and Malmöleden. It is also close to the harbour area. The access to the property for transportation is good. On the site there are several buildings. There are four large terminals with storage for cold and frozen products and there are office buildings and workshops. Each terminal consist of several buildings and have expanded many times and they are connected two and two. The office building has two tenants, Frigoscandia and Findus. Findus also have a part of one of the storage buildings exclusively for their own products.	Frigoscandia Distribution AB is a logistics provider of the food industry. They are currently occupying 61,612 sqm of storage space, expiring 2024-12. The lease agreement is a triple net agreement.	35,611,372 SEK	35,611,372 SEK
Bjuv 23:3, the municipality of Bjuv.	The site has an area of 29,377 m ² . Bjuv is a small municipality in the north west of the region Skåne. It takes approximately 15 minutes to the motorway	Frigoscandia Distribution AB. They are currently occupying 18881 sqm of storage space, expiring 2024-12. The lease agreement is a triple net agreement.	2,122,889 SEK	2,122,889 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	E4 and 30 minutes to Helsingborg.			
	The property is situated inside the Findus food industry establishment. It is situated inside the fenced Findus industrial area. There is no direct entrance to the property. The property is situated at the inner part of the Findus establishment. It is the former storage for the Findus food industry.			
	On the site there is one terminal and storage building. The building is used for dry and cold products.			
Kronoslätt 1:3, the municipality of Staffanstorp.	The site has an area of approximately 180,175 m ² . The property is situated west of the centre of Staffanstorp in an industrial area. It is situated close to industrial railroad and to thorough road R11 to Malmö. Staffanstorp is a small municipality outside Malmö. It takes about 15 minutes by car to the Malmö ring road and E6/E20/E22. The access to the property for transportation is good. On the site there is a building erected in 1971 that has been expanded several times. There is one large terminal and storage building. The building is used for dry, cold and frozen products. The building has expanded several times.	Frigoscandia Distribution AB. They are currently occupying 18725 sqm of storage space, expiring 2024-12. The lease agreement is a triple net agreement.	9,808,230 SEK	9,808,230 SEK
Kylfacket 1 and Kylrummet 1, the municipality of Stockholm.	The sites have a total area of 23,856 m ² , distributed as follows. Kylfacket 1: 13,139 m ² Kylrummet 1:10,717 m ² The properties are situated in an industrial estate that was historically the slaughterhouse	The separate lease with the restaurant should as soon as possible be converted into at sub lease with Frigoscandia as the lessor. The lease agreement with Frigoscandia is triple net. The tenant is also responsible for the operation and maintenance	17,846,654 SEK	17,846,654 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>quarter for Stockholm. The area is situated close to residential areas and to the new 'Globen area' with arenas, shopping galleria and offices. The distance to the CBD of Stockholm is some 5 kilometres. Since long there have been discussions regarding reducing the activity for the food industry in the area to make it possible to build new office or residential buildings. The area is well situated, with good access to main roads and close to underground stations etc.</p> <p>The building on Kylrummet 1 was erected 1969 and larger extensions took place 1971 and 1976 and a smaller extension was undertaken in 1989. The building has successively been refurbished.</p> <p>The building on Kylfacket 1 was erected 1955, and extensions have taken place in 1960, 1963, 1967 and 1994. The building has successively been refurbished.</p>	<p>of the properties. The tenant will pay increase regarding ground lease fee and property tax. Frigoscandia is believed to be a good credit tenant. They are currently occupying 24,802 sqm. Expiring 2024-12.</p>		
Jordbromalm 6:14, 6:57, the municipality of Haninge.	<p>The site has an area of 37,402 m².</p> <p>The properties Jordbromalm 6:14 and Jordbromalm 6:57 are situated in the industrial area of Jordbro in Haninge.</p> <p>On the site, Jordbromalm 6:14, there is a building in one storey, erected in 1977 and rebuilt 1993. The building contains freeze, chill, handling areas, storage and other areas.</p> <p>The building is currently being extended.</p>	<p>Frigoscandia Distribution AB. They are currently occupying 4,948 sqm of storage space, expiring 2024-12.</p> <p>The lease agreement is a triple net agreement.</p>	2,076,085 SEK	4,326,085 SEK
Slakthuset 14, the municipality of Norrköping.	<p>The site has an area of 9,733 m².</p> <p>The property is situated about 1.5 km east of the city of</p>	<p>Frigoscandia Distribution AB. They are currently occupying 2,805 sqm of storage space, expiring 2024-12.</p>	1,060,143 SEK	1,060,143 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>Norrköping in an industrial area called Risängen. It is situated near the harbour. The site is a freehold property. Large parts are asphalted for roads and parking.</p> <p>For storage (Industrial buildings) purposes, the location is quite good, as there is a lot of space for trucks and good access to main roads.</p> <p>On the site there is a cold storage warehouse erected in 1940, 1985 and 1986 with parts in addition 2000.</p> <p>On the site there is one building. The building contains cold areas and some storage and offices.</p>	The lease agreement is a triple net agreement.		
Oxen 11, the municipality of Kumla.	<p>The site has an area of 4,908 m².</p> <p>The property is situated on the outskirts of Kumla, Sweden.</p> <p>On the site there is a one to two storey building, erected in 1972 and refurbished in 1974, 1989, 1995 and 2000.</p> <p>The building contains freeze, chill, handling area, office and other areas.</p>	<p>Frigoscandia Distribution AB. They are currently occupying 2,451 sqm of storage space, expiring 2024-12.</p> <p>The lease agreement is a triple net agreement.</p>	830,472 SEK	830,472 SEK
Grubbe 9:48, the municipality of Umeå.	<p>The site has an area of 7,000 m².</p> <p>The property is located in an industrial area called Västerslätt on the outskirts of Umeå, Sweden.</p> <p>On the site there is a building of one floor erected in 1992 and refurbished in 1993.</p> <p>The building contains frozen, chilled, and handling areas, office and other areas.</p>	<p>Frigoscandia Distribution AB. They are currently occupying 899 sqm of storage space, expiring 2024-12.</p> <p>The lease agreement is a triple net agreement.</p>	326,311 SEK	326,311 SEK
Hyveln 4, the municipality of Sölvesborg.	<p>The site has an area of 9,009 m². The address is Sliparevägen 3 Sölvesborg.</p>	<p>Frigoscandia Distribution AB. They are currently occupying 762 sqm of storage space, expiring 2024-12.</p>	372,002 SEK	372,002 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>The property is situated north of the town of Sölvesborg, in an industrial area called Sölve. The industrial area is situated very close to the highway E22.</p> <p>On the site there is a terminal building in one storey erected in 1983. Apart from the terminal, offices and staff area, there is one cool room and one deep freeze room.</p>	The lease agreement is a triple net agreement.		
Katthavet 8, the municipality of Stockholm.	<p>The site has an area of 2,451 m². The address of the property is Näckströmsgatan 8, Stockholm.</p> <p>The property is a part of the CBD-area of Stockholm, close to the so-called "Golden Triangle". That area is one of the most popular office locations in Stockholm, especially for companies in the finance sector.</p> <p>Next to the property is a park called Berzeli Park. The property owner lease land within this park for restaurant purposes. A small restaurant building has been developed on this land in 2001.</p> <p>The property is fully built.</p> <p>The building was originally erected in 1863 as a restaurant and entertainment building. In 1989 the building was totally refurbished and extended.</p> <p>The building comprises restaurant and entertainment premises in the ground floor and the basement as part of the first floor. The first floor and the second floor mainly consist of conference facilities whilst the upper floors contain hotel rooms (total 7 floors and 1 basement).</p> <p>The hotel comprises 65 hotel rooms and the conference consist of 8 different rooms with a capacity from 10 to 400 guests.</p>	<p>Berns Group AB is currently leasing the entire building.</p> <p>The lease expires in 2015-12-31.</p>	17,136,489 SEK	17,136,489 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Mörviken 8:1, the municipality of Åre	The property is located in Åre in the northern parts of Sweden in a recreation area for ski tourism. On the property is a hotel building. The building has been refurbished in recent years.	The property is leased by Holiday Club on a lease until 2025-08-31.	3,370,617 Euro	3,370,617 Euro
Hälsinggården 1:427, the municipality of Falun.	The site has an area of 23,487 m ² . The address of the property is Lövåsvägen 26, Falun. The property is situated in the area Roxnäs in the municipality of Falun, app. 6 km east of the central parts of Falun and app. 5 km to the railway station. On the site there are one building erected in 1967 and extended several times last in 2006. The building has gone true major renovation under later years. A new concrete slab have been made in the cold storage, some parts have a new facade and roof. The building consists manly of high bay storage and some office space, changing rooms and a canteen.	Förlagssystem JAL AB. They are currently occupying the entire property on a lease expiring 2013-04.	4,238,536 SEK	4,238,536 SEK
Alvesta 13:28, the municipality of Alvesta.	The site has an area of 31,398 m ² . The address of the property is Ågårdsvägen 16, Alvesta. The property is situated in a large industrial area in western Alvesta. On the site there is a building erected in 1973 and refurbished or extended in 1996, 1999 and 2003. The building contains production areas with a ceiling height of app. 5-5.5 meters free height. There are also some smaller office areas in the building. Next to the main building there is a smaller not tempered warehouse.	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06. The tenant has the right to terminate 33% of the premises from 2010-06.	3,390,018 SEK	3,390,018 SEK
Björkeryd 7:1, the municipality of Alvesta.	The site has an area of 11,095 m ² . The address of the property is Bruksvägen 2, Alvesta. The property is	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.	414,083 SEK	414,083 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>situated in the small town Torpsbruk, app. 15 km north of Alvesta.</p> <p>On the site there is a building erected in 1957/1962. In 1987 an office wing were being moved to the property (construction year unknown). The building contains production areas with a ceiling height of app. 4-4.5 meters free height. There are also some smaller office areas in the building.</p>	The tenant has the right to terminate 33% of the premises from 2010-06.		
Svartå 1:157, the municipality of Degerfors.	<p>The site has an area of 59,022 m². The address of the property is Industrivägen 11, Degerfors. The property is situated in an industrial area in the small town Svartå, app. 12 km south of Degerfors.</p> <p>On the site there is a building erected in 1939, 1968, 1972, 1975 and 1976. The building contains production areas with a ceiling height that vary between 3-4 and 10-12 meters, tempered warehouse areas, non-tempered warehouse areas and office space. On the site there are also two smaller warehouse buildings.</p>	Finnveden AB. They are currently occupying the entire property on a lease expiring 2011-06.	2,250,073 SEK	2,250,073 SEK
Hallsta 3:7, the municipality of Hallstahammar.	<p>The site has an area of 129,731 m². The address of the property is Bultfabriksvägen 7, Hallstahammar. The property is situated in a large industrial area in northwestern Hallstahammar, 'Bultenområdets Industriområde'. The location is considered good for industrial purposes in Hallstahammar.</p> <p>On the site there are five buildings erected.</p> <p>B1 is the main building on the site and it was erected in four floors and basement during the years 1940-1973. The</p>	<p>Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.</p> <p>The tenant has the right to terminate 33% of the premises from 2010-06.</p>	10,620,855 SEK	10,620,855 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>building contains production and tempered warehouse areas with a ceiling height of app. 6-7 meters. There are also some office areas in the building. The building has an ordinary standard and condition.</p> <p>B2 is a smaller office building, which also comprises some warehouse areas. This building was refurbished internally in 2000.</p> <p>B3 is an old-style wooden house that is being used for conferences etc. The building has a very good condition both interior and exterior. B4 and B5 is two smaller buildings that comprise technical areas, such as substation and neutralization.</p>			
Armaturen 10, the municipality of Kungsör.	<p>The site has an area of 37,519 m². The address of the property is Granlidsvägen 3, Kungsör. The property is situated in a large industrial area in northeastern Kungsör 'Kungsörs Industriområde'. The location is considered good for industrial purposes in Kungsör.</p> <p>On the site there are three buildings erected. B1 is the main building. It was erected in 1967 and extended in 1974 and 1999. The building contains production areas with a ceiling height of app. 4.5 meters in the older parts and 6 meters in the newer parts. There are also some smaller office and warehouse areas in the building. In 1999 all installations were exchanged in the older parts of the building. The building is heated by district heating, installed in 2000. The roof was refurbished in the beginning of the 2000's. In all the building has a good standard and condition. B2 is a detached house that is being</p>	<p>Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.</p> <p>The tenant has the right to terminate 33% of the premises from 2010-06.</p>	3,897,417 SEK	3,897,417 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	used for sleeping accommodations by employees and the building also comprises a gym and other personnel facilities. Standards from the 1990's. B3 smaller non-tempered warehouse erected by the loading area of the main building.			
Östnor 167:3, the municipality of Mora.	The site has an area of 16,344 m ² . There is no registered address on the property. The property is situated in the area Östnor, app. 5 km northwest of Mora. On the site there is a smaller non-tempered warehouse erected.	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06. The tenant has the right to terminate 33% of the premises from 2010-06.	40,519 SEK	40,519 SEK
Östnor 171:2, the municipality of Mora.	The site has an area of 16,825 m ² . The address of the property is Landsvägen 52, Mora. The property is situated in the area Östnor, app. 5 km northwest of Mora. On the site there are two buildings erected. B1 was erected in 1940, 1960, 1989 and 1997. The building contains mainly production areas with a ceiling height of 4.5 meters free height, parts of the building has a ceiling height of 2.7 and 6.0 meters. B2 is a smaller non-tempered warehouse building.	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06. The tenant has the right to terminate 33% of the premises from 2010-06.	1,941,365 SEK	1,941,365 SEK
Holje 116:116, the municipality of Olofström.	The site has an area of 75,235 m ² . The property has no registered address. The property is situated in an industrial area just west of central Olofström. The location is considered good for industrial purposes in Olofström. On the site there is a large building erected in two floors and basement during the years 1949-1985. The building contains production and tempered/non tempered warehouse areas with ceiling	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06. The tenant has the right to terminate 33% of the premises from 2010-06.	9,771,928 SEK	9,771,928 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	heights varying between 5 and 10 meters. The upper floor only comprises smaller office and warehouse areas. The building has an ordinary standard and condition.			
Åttersta 6:28, the municipality of Sandviken.	The site has an area of 78,246 m ² . The address of the property is Bultvägen 20, Sandviken. The property is situated in the small town Åshammar, app. 12 km west of Sandviken. On the site there is a building erected in 1951, 1961 and 1971. The building contains production areas with a ceiling height of app. 7 meters free height and tempered warehouse areas. On the site there are also three smaller non-tempered warehouse buildings.	Finnveden AB. They are currently occupying the entire property on a lease expiring 2011-06.	2,459,827 SEK	2,459,827 SEK
Forsheda 5:119, the municipality of Värnamo.	The site has an area of 20,637 m ² . The address of the property is Galvanövägen 2, Värnamo. The property is situated in Forsheda, a small town app. 12 km west of Värnamo. On the site there is a building erected in 1981, 1984, 1988, 1995 and 1996. The building contains production areas with a ceiling height of mainly 5 meters free height. There are also office areas and tempered warehouse areas in the building. On the site there are also two smaller not tempered warehouses.	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06. The tenant has the right to terminate 33% of the premises from 2010-06.	2,201,969 SEK	2,201,969 SEK
Slätvaren 1, the municipality of Värnamo.	The site has an area of 23,170 m ² . The address of the property is Margretelundsvägen 8, Värnamo. The property is situated in an industrial area app. 2.5 km north of central Värnamo, 'Margretelund Östra Industriområde'. The location is considered good for industrial purposes in Värnamo and has good access to the European Highway 4.	Bult Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.	3,026,240 SEK	3,026,240 SEK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>On the site there are two buildings erected. B1 was erected in two floors in 1996 and extended in 1998. The building comprises production and tempered warehouse areas with a ceiling height of app. 6 meters. There are also some office areas in the building. The building has a good standard and condition. B2 was erected in two floors in 1975 and refurbished in 2002-2003. The building comprises tempered warehouse areas with a ceiling height of app. 5.5-6 meters. There are also some office areas in the building. The building has a good standard and condition.</p>			
Stenfalken 1, the municipality of Värnamo.	<p>The site has an area of 32,575 m². The address of the property is Stenfalksvägen 1, Värnamo. The property is situated in an industrial area app. 1.5 km northeast of central Värnamo. The location is considered good/normal for industrial purposes in Värnamo and has good access to the European Highway 4.</p> <p>On the site there is a building erected in two floors in 1980-1981 and extended in 1985 and 2002. The building comprises production and tempered warehouse areas with a ceiling height of app. 7-8 meters. The high-bay storages have ceiling heights of app. 13-14 meters. There are also some office areas in the building. The building has normal standard and condition.</p>	Bult Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.	3,826,143 SEK	3,826,143 SEK
Kanalholmen15-29, Avedøre Holm, Hvidovre, Denmark	<p>The site has an area of 49,205 m². The address is Kanalholmen 15-29, Denmark. Matr. Nr. 43EG Avedøre By, Avedøre.</p> <p>The property is located in an established industrial area about 12km to the south west of Copenhagen, close to motorway access.</p>	<p>Frigoscandia Distribution AB. They are currently occupying 17181 sqm of storage space and 1852 sqm of office space, expiring 2024-11.</p> <p>The lease agreement is a triple net agreement.</p>	10,977,144 DKK	10,977,144 DKK

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	On the site there are 4 separate buildings originally built between 1971 and 1993 with later additions. The main building comprises cold stores, chill, handling area, office and staff facilities. The remaining 3 buildings offer offices, staff, storage and small cold store facilities.			
Birkedam, Kolding, Denmark	<p>The site has an area of 85,240 m². The address is Birkedam Kolding, Denmark. Matr. Nr. 3BL Harte By Harte.</p> <p>The property is located in an industrial area on the northern outskirts of the town of Kolding in Jutland, Denmark, close to motorway access.</p> <p>On the site there are interconnected single storey buildings built between 1975 and 2001. The buildings contain cold stores, chill, handling area, office and staff facilities.</p>	<p>Frigoscandia Distribution AB. They are currently occupying 22047 sqm of storage space and 767 sqm of office space, expiring 2024-12.</p> <p>The lease agreement is a triple net agreement.</p>	13,739,156 DKK	12,670,206 DKK
Cumulus Airport, the city of Vantaa.	<p>The property is situated 15 kilometres to the north of Helsinki city centre and two kilometres to the south of the Helsinki-Vantaa airport in the Aviapolis area. Aviapolis is a cluster created around the Helsinki-Vantaa international airport containing as well business as residential areas. The area benefits from closeness of main roads such as Ring Road III, Tuusulanväylä and Hämeenlinnanväylä.</p> <p>The subject property comprises a hotel of two 7-storey towers and a single storey conference centre with basement accommodation. The premises were originally constructed in 1981 and extended in 1985.</p> <p>The first floor comprises an entrance hall with a reception, restaurant, and an auditorium. The second to seventh floors comprise mainly hotel accommodation.</p>	<p>The main tenant in the building is Rantasipi Oy and the lease expires in 31.12.2012. The rent at Rantasipi Oy is a turnover rent with a minimum rent of €904,513 per annum and indexation. Under the terms of the lease the operator is liable to pay rent 17% of the annual turnover.</p> <p>Additionally there are two further tenants. The lease agreement of TDC Song Oy expires on 30-11-2005 and the rent is €4,117 per annum. The lease agreement of Elisa Networks is valid until further notice and the rent is €2,166 per annum.</p> <p>All tenants are considered to have a good credit rating.</p>	1,301,228 Euro	1,301,228 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Cumulus Hämeenlinna, the city of Hämeenlinna	<p>The site has an area of approximately 3,367 m².</p> <p>The premises are located in the city centre and the surrounding area consists of retail, office and residential accommodation. The market square is situated approximately 150 metres to the east of the subject property.</p> <p>The subject property comprises a hotel constructed over five storeys and includes basement accommodation.</p> <p>The first floor of the subject property comprises an entrance hall, three restaurants and three retail units. The second floor includes a number of hotel rooms and some ancillary office accommodation and the remaining upper parts comprise hotel rooms.</p>	<p>Restel, a major hotel company, lets the property. The lease expires in 2019-12-31.</p>	<p>937,853 Euro</p>	<p>937,853 Euro</p>
Cumulus Koskikatu, the city of Tampere	<p>The property is situated in the CBD of Tampere near the main retailing location. The prime retail properties are located along Hämeenkatu just around a corner and in Koskikeskus shopping centre which is less than 0.5 kilometres to the south of the property. In the surroundings there are retail, office and residential accommodation. The distance to the railway station is about 300 metres.</p> <p>The subject property comprises a hotel constructed over eight floors in one section and four floors including an ancillary cellar in the other building. The building was constructed in 1979 and partly renovated 2002.</p> <p>The first floor comprises a main entrance hall to include a reception, two restaurants, a kitchen, a nightclub, office</p>	<p>Restel Oy is the only tenant in the building. Restel Oy may have subtenants, which pay rents decently to Restel Oy. The lease of the Restel Oy runs until December 31st 2017. The tenant will start to pay 1.1.2009 turnover based rent amounting to 33% of the accommodation turnover and 10% of the restaurant turnover. The minimum rent is €1,188,617 per annum. The tenant is considered to be a good credit tenant.</p>	<p>1,233,750 Euro</p>	<p>1,233,750 Euro</p>

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	accommodation and two retail units. The second to eighth floors comprise the hotel accommodation. The basement comprises a sauna with two saunas, a swimming pool, a gym, conferencing facilities, and 37 car parking spaces. There are additionally 20 surface car parking spaces. The hotel has a total of 228 rooms and four conference rooms for between 10 – 25 persons. The restaurant has a capacity for 100 people and the bar also includes 40 seats.			
Cumulus Kuopio, the city of Kuopio	<p>The property is located approximately 300 metres to the northeast of the city centre. In the immediate vicinity of the subject property mainly consists of residential buildings. The railway station is located approximately 250 metres to the north.</p> <p>The subject property comprises a 141-bedroom hotel, constructed in 1974 over seven storeys. The hotel was extended in 1980, however we would comment that the building is in need of some renovation.</p>	Restel leases the property on a lease expiring in 2016-12-31.	392,975 Euro	392,975 Euro
Cumulus Oulu, the city of Oulu	<p>The property is located approximately 300 metres to the northeast of the city centre. The surroundings consist of residential buildings and a railway station is located approximately 250 metres to the east of the site and a hotel on the opposite side of the street.</p> <p>The subject property comprises a 207-bedroom hotel constructed over four storeys with ancillary basement accommodation. The building was constructed in 1982 and is generally in a reasonable condition.</p>	Restel Oy/Cumulus Oy leases the property on a lease expiring in 2022-05-31.	780,110 Euro	780,110 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Cumulus Jyväskylä, the city of Jyväskylä	<p>The property is situated in Jyväskylä city centre near the main shopping streets. The best retail premises are located along Kauppakatu pedestrian street about 200 metres to the northwest of the subject property.</p> <p>The site comprises two real estates: Väinönkatu 3 and Väinönkatu 5. The sites are situated on both sides of Vapaudenkatu street and an underground tunnel connects the buildings on the sites to each other.</p> <p>The subject property comprises two hotel buildings. The hotel building A (Väinönkatu 3) was originally constructed over five floors and a basement in 1983. The hotel building B (Väinönkatu 5) over five floors and a basement was constructed in 1974 and extended in 1988.</p> <p>The first floor of building A comprises an entrance hall, a restaurant, some conference rooms and retail premises. The second floor to fifth floors comprises the hotel accommodation. The basement comprises parking facilities with 22 car-parking spaces, ancillary storage accommodation and a gym.</p> <p>The first floor of building B comprises an entrance hall with a reception, restaurant, a bar, conference suites and retail accommodation. The second to fifth floor comprises the hotel accommodation. The basement accommodation includes a sauna together with a swimming pool, conferencing rooms, storage and 36 car parking spaces.</p> <p>The hotel has a total of 203 rooms and two conference rooms.</p>	<p>The property is leased to Restel Oy with two lease agreements. The lease agreement of Väinönkatu 3 expires on 31.12.2012 and the rent is €647,102 per annum and the lease agreement of Väinönkatu 5 expires on 30.04.2036. The rent is €626,867 per annum.</p> <p>All tenants are considered to have a good credit rating.</p>	1,524,338 Euro	1,524,338 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Cumulus Kemi, the city of Kemi	<p>The site has an area of approximately 6,964 m².</p> <p>The property is located approximately 300 metres to the northeast of the city centre and approximately 500 metres from the main railway station. The surrounding area mainly consists of residential, commercial and public buildings.</p> <p>The subject property comprises a hotel, originally constructed in 1982, over three storeys and an attic. The property was extended in 1992. In general the property appears to be in a reasonable condition.</p> <p>We understand that the restaurant, nightclub and conference suites were renovated during in 2000/01 and the hotel rooms with the older section of the hotel were refurbished over a period of three years from 1997 to 2000.</p> <p>The first floor comprises the reception, three restaurants, a sauna, swimming pool and a number of hotel rooms. The upper storeys comprise the remaining hotel rooms. The hotel comprises a total of 183 rooms and eight conference rooms.</p>	Restel, a major hotel company, lets the property. The lease expires in 2040-06-30.	911,032 Euro	911,032 Euro
Cumulus Pinja, the city of Tampere	<p>The site has an area of approximately 1,292 m².</p> <p>The property is located approximately 600 metres to the northeast of the city centre within a residential location. The railway station is located approximately 500 metres to the southeast of the subject property.</p> <p>The property comprises a 60-bedroom hotel that was initially constructed in 1926 and was subsequently extended in 1989. The building is constructed over</p>	The property is fully let be Cumulus Oy. The lease expires in 2017-12-31.	286,901 Euro	286,901 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	five storeys and includes basement accommodation. The original section of the hotel includes a single storey wing including an old Olympia theatre. The hotel additionally comprises two restaurants, four conference rooms, a sauna and a basement car park. The second to fifth floors comprise the hotel rooms.			
Cumulus Rauma, the city of Rauma	<p>The property comprises two sites the areas of which are 7,149 m² and 2,612 m².</p> <p>The hotel is situated on the larger site and a petrol station, owned and operated by Teboil, is situated on the smaller site. The property is located in the City of Rauma and is situated approximately 500 metres to the west of the City centre. The surrounding area includes a park, a little canal and residential accommodation. There subject property comprises a 103-bedroom hotel constructed over five storeys and including basement accommodation. The property was constructed in 1979. The premises are generally in a satisfactory condition. The first floor comprises an entrance hall, two restaurants and three conference rooms. The second floor comprises a sauna, a swimming pool and some hotels rooms. The third to fifth floors comprise hotel rooms and the basement includes ancillary storage facilities.</p>	Restel, a major hotel company, lets the property. The lease expires in 2028-08-31.	439,666 Euro	439,666 Euro
Cumulus Rovaniemi, the city of Rovaniemi	<p>The site has an area of 3,161 m². The address of the property is Valtakatu 23, Rovaniemi.</p> <p>The property is located in the city centre of Rovaniemi in the northern part of Finland. In the surrounding there are residential and retail properties.</p>	Hotelli Pohjanhovi Oy leases the entire building. The lease expires in 2012-12-31.	434,691 Euro	434,691 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>The subject property comprises a 64-bedroom hotel building that is constructed over four floors and a basement. The building was constructed in two phases, with the first part being constructed in 1960 and the remainder in 1977. The first floor comprises an entrance hall, a restaurant, a pub and a small storage. The second to fourth floor comprises hotel rooms. In the fourth floor there are also two conference rooms. The fifth floor comprises conference rooms. A garage with 15 car parking spaces and a sauna department with a swimming pool are located in the basement. The hotel comprises 64 rooms and four conference rooms.</p>			
Cumulus Seinäjoki, the city of Seinäjoki	<p>The site has an approximate area of 8,154 m².</p> <p>The property is located in the city centre of Seinäjoki. The surroundings consist of retail, office and residential buildings. A market square is situated 100 metres to the west and the railway station is situated approximately 400 metres to the east of the site. The subject property comprises a 71-bedroom hotel constructed in 1975 over four floors together with basement accommodation. The hotel is connected to a residential building initially constructed in 1958 and later modified to hotel use. The first floor comprises an entrance hall, a restaurant, three retail premises and a sauna department. The second floor comprises hotel rooms, a large restaurant and three conference rooms. The third floor comprises hotel rooms. On the fourth floor there is a second sauna and within the basement there is a bar.</p>	<p>Restel, a major hotel company, lets the property. The lease expires in 2018-08-31.</p>	<p>629,531 Euro</p>	<p>680,531 Euro</p>

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Crowne Plaza Helsinki, the city of Helsinki	<p>The property is situated in Helsinki's city centre, approximately one kilometre to the north of the Helsinki CBD, along the main road of Mannerheimintie. The subject property is situated in the vicinity of the city's prime shopping district, the Hesperia park and Töölö bay.</p> <p>There subject property comprises a 349-bedroom hotel constructed over ten storeys and two basement floors. The building was originally constructed in 1972 and was subsequently extended in 1985 and refurbished in 2004/2005. Briefly, the hotel has a total of 349 rooms, of which 270 are standard rooms, 36 executive rooms and 9 deluxe suites. The hotel has a total of 83 car parking spaces. The ongoing renovations in the upper basement will be completed during 2005. The first floor comprises an entrance hall with a reception, restaurant, some conference rooms and car park. The second floor comprises a restaurant for private events with a capacity for 1,500 people. The second floor additionally comprises office accommodation, a winter garden and conference rooms which are versatile and can be divided or extended to suit guests requirements though the use of internal demountable partitioning.</p>	<p>There are four tenants in the building. The main tenant is the hotel operator Kansainväliset Restel Hotellit Oy and the other three tenants are telephone operators occupying small quantities of space for equipment use. The lease of the hotel operator Kansainväliset Restel Hotellit Oy expires on 31st December 2018 and the leases of the telephone operators are valid until further notice.</p>	5,067,096 Euro	5,067,096 Euro
Holiday Club Oulun Eden, the city of Oulu	<p>The site has an area of 33,204 m².</p> <p>The property is situated on a small Hietasaari island in the Baltic Sea and the island is connected to the main land by a bridge. The distance to the Oulu city centre is approximately four kilometres. The immediate vicinity includes a beach,</p>	<p>The property is leased to Nallikarin Merikyöpylä Oy. The rent is turnover-based rent with a minimum rent and indexation. The operator is responsible to pay rent 32% of the accommodation turnover, 10% of the restaurant turnover and 25% of the spa turnover. The minimum rent is 1,672,443 per annum.</p>	1,782,639 Euro	1,782,639 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>campsite, a park, residential accommodation and a second hotel.</p> <p>The subject property comprises a spa building constructed in 1989 and 2001. A large round pool with high ceiling is located in the centre of the building. Dressing rooms, several sauna-departments, a spa therapy area with treatment rooms and restaurants are located around the pool area. The hotel has a total of 169 rooms.</p>	The tenant is considered to be a good credit tenant.		
Holiday Inn Garden Court, the city of Vantaa	<p>The property is situated 15 kilometres to the north of Helsinki city centre and two kilometres to the south of the Helsinki-Vantaa airport. The subject property comprises a hotel constructed over five floors. The building consists of two wings constructed over five storeys and connected by a two-storey central section. The building was constructed in 1992.</p> <p>The first floor comprises an entrance hall with a reception, a restaurant, some conference and office rooms, personnel facilities, a gym and hotel rooms. The second floor to the fifth floor comprises mainly hotel accommodation but on the second floor is also a sauna department. The hotel has a total of 284 rooms. On the site there are 120 car parking spaces.</p>	<p>The property is leased to Kansainväliset Restel Hotellit Oy and the lease runs until December 31st 2012. The minimum rent is €1,317,096 per annum. The tenant is responsible to pay an extra rent that is defined by the operating margin of three hotels located in the airport area; in 2003 this extra rent was €164,178.</p> <p>The tenant is considered to be a good credit tenant.</p>	2,225,529 Euro	2,225,529 Euro
Radisson SAS Vaasa, The city of Vaasa	<p>The property is situated in Vaasa's CBD near the main shopping streets. The best retail premises are located around the market place approximately 200 metres to the southwest of the property. The site comprises two real estates: Hovioikeudenpuistikko 18 and Hovioikeudenpuistikko 21. The sites are situated on both sides of</p>	The main tenant in the building is Sokotel Oy. The rent of Sokotel Oy is turnover-based rent with a minimum rent and indexation and expires on 31 March 2013. The tenant is responsible for paying a rent of 22% of the accommodation turnover and 12% of the restaurant turnover. The minimum rent is €1,528,077 per annum. There are also 8 smaller tenants in the building.	1,898,174 Euro	1,898,174 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>Hovioikeudenpuistikko street and a tunnel connects the buildings to each other. The subject property comprises a hotel building A (Hovioikeudenpuistikko 18) with eleven floors and a basement and a hotel building B (Hovioikeudenpuistikko 21) with seven floors and a basement. The first building was constructed in 1972 and the second building was constructed in two phases in 1940 and in 1972. The first floor of building A comprises an entrance hall, a reception, three restaurants and a kitchen, and four retail premises. The second floor comprises office premises with the third floor to tenth floors comprising hotel accommodation and the eleventh floor comprising a sauna and a swimming pool.</p> <p>The hotel has a total of 285 rooms and two conference rooms. On the courtyard there are 38 car parking spaces. Internal refurbishments were undertaken between 1997 and 1999 in respect of restaurants, hotel rooms and reception halls.</p>	All tenants are considered to be have a good credit rating.		
Ramada Airport, the city of Vantaa	<p>The property is situated approximately 15 kilometres to the north of Helsinki city centre and two kilometres to the south of the Helsinki-Vantaa airport. The surrounding area includes ht there are the new Airport business park comprising several high quality office buildings, some office/ industrial properties and two hotel properties. The development of the surrounding area is expected to continue as the airport area is seen as one of the most interesting new locations.</p>	<p>The building is leased to Restel Oy and the lease runs until June 30,2050. The minimum rent is €2,452,350 per annum. The tenant is responsible to pay an extra rent that is defined by the operating margin of three hotels located in the airport area; in 2003 this extra rent was €164,178.</p> <p>The tenant is considered to be a good credit tenant.</p>	2,549,794 Euro	2,549,794 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>The subject property comprises a hotel building with 6 floors and a basement. The building was constructed in 1992.</p> <p>The first floor comprises an entrance hall with a reception, a restaurant, a bar, some office rooms and hotel rooms. The second floor to the sixth floor comprises hotel accommodation. In the basement there are a garage with 35 parking spaces, a gym, a sauna department, personnel facilities and storages. The hotel has a total of 292 rooms. On the site there are 110 car parking spaces.</p>			
Ramada Oulu, the city of Oulu	<p>The site has an area of 2,059 m². The address of the property is Kirkkokatu 3, Oulu.</p> <p>The property is located in the city centre. The surroundings consist of residential and retail/office buildings. The railway station is located approximately 600 metres to the east of the site and there is a church located nearby.</p> <p>The subject property comprises a hotel building constructed over five floors and a basement. The building was constructed in 1990 and is generally in a good condition. External walls are of concrete construction.</p> <p>The first floor comprises an entrance hall, a restaurant and a café. The second to fifth floors comprise mainly hotel rooms and a few conference rooms. A sauna department with a swimming pool is located in the basement. The hotel comprises 154 rooms and conference rooms for up to 250 people.</p>	Restel lease the entire building on a lease expiring in 2014-12-31.	841,518 Euro	841,518 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Ramada Tampere, the city of Tampere	<p>The site has an area of approximately 1,837 m².</p> <p>The property is located approximately 400 metres to the southeast of the city centre. The surroundings consist mainly of residential buildings. In the neighbourhood is also a commercial centre and Tampere Talo concert hall. The railway station is located 300 metres to the northeast of the site.</p> <p>The subject property comprises a hotel constructed over eight floors and two basement floors. The building was constructed in 1991 and is generally in good condition. The first floor comprises an entrance hall, two restaurants and a number of hotel rooms. The second to seventh floors mainly comprise hotel rooms and a number of conference rooms. A sauna department is located on the eighth floor. The garage comprises a total of 70 car parking spaces. The hotel comprises 135 rooms.</p>	Restel lease the entire building on a lease expiring in 2014-12-31.	822,809 Euro	822,809 Euro
Ramada Turku, the city of Tuurku	<p>The property is situated in Turku city centre near the main shopping district. The prime retail offer in Turku is located nearby on the pedestrianised Yliopistonkatu and Eerikinkatu streets, located between Kauppiaskatu and Humalistonkatu streets. The main shopping centre Hansa and the market place are located approximately 0.5 kilometres to the north east of the subject property. The immediate vicinity includes retail, office and residential accommodation and also some large municipality's units.</p> <p>The subject property comprises a 200-bedroom hotel constructed over five floors, a basement and an attic with technical rooms. The</p>	The property is leased to Restel Oy and the rental agreement is valid until 31 December 2041. The tenant is considered to have a good credit rating. The current rent passing is €889,224 per annum. If the premises in the property were vacant it is estimated that the letting period of the premises would be approximately 16 months.	922,528 Euro	922,528 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>building was constructed in 1984. The first floor comprises an entrance hall with a reception and two restaurants. The second floor comprises three conference rooms for up to 66 people and hotel rooms. The third floor to the fifth floors include the remainder of the hotel rooms. The basement includes a sauna with a swimming pool, storage accommodation and two air-raid shelters.</p>			
Rantasipi Aulanko, the city of Hämeenlinna	<p>The site has an area of approximately 58,616 m². The address of the property is Aulangontie 93, 13210 Hämeenlinna.</p> <p>The site is located in the city of Hämeenlinna, approximately four kilometres to the northwest of the city centre. The site is situated in a conservation park adjacent to Vanajavesi lake.</p> <p>The subject property was constructed in phases between 1938 and 1990. The original part consists of a three-storey building and a seven-storey tower. The second phase was constructed in the 1970's over three storeys and was subsequently extended in 1990. The third phase was also constructed in the 1970's.</p> <p>The first floor of the property comprises an entrance hall, a reception, a restaurant, conference rooms and hotel rooms. The second to fifth floors comprise hotel bedrooms. The basement comprises a nightclub, conference rooms, a sauna, swimming pool and more hotel rooms. The second basement floor comprises hotel rooms and conference rooms. The hotel includes 245 bedrooms in total and 13 conference rooms.</p> <p>The building is generally in good condition.</p>	Rantasipi Oy leases the entire building on a lease expiring in 2020-12-31.	2,070,000 Euro	2,070,000 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Rantasipi Eden, the city of Nokia	<p>The property is situated on the coast of Pyhäjärvi lake approximately three kilometres to the southeast of Nokia city centre. In the surrounding area there is a small marina, 5 new residential blocks, single-family houses, schools and some undeveloped land.</p> <p>The subject property comprises a spa building constructed in 1990 and enlarged 2004 with new accommodation part comprising 74 rooms. A large pool of approximately 1,500 m² is located in the centre of the building. Dressing rooms, several sauna-departments, a spa therapy area with several treatment rooms, 5 restaurants and conference rooms are located around the pool area. Hotel rooms are located in a five-storey wing. In the basement there are personnel facilities, storage, a recreational area for children, squash courts, an auditorium and conference rooms. The hotel has a total of 204 rooms.</p>	<p>The property is leased to Restel Kylpylähotellit Oy. The rent is turnover-based rent with a minimum rent and indexation. The operator is responsible for paying rent at 35% of the accommodation turnover, 8% of the restaurant turnover and 25% of the spa turnover. The minimum rent is €1,873,562 per annum. According to the new rental agreement commencing 1 January 2008 the operator is responsible for paying rent at 32% of the accommodation turnover, 8% of the restaurant turnover and 25% of the spa turnover.</p> <p>The tenant is considered to have a good credit rating.</p>	2,112,759 Euro	2,112,759 Euro
Rantasipi Joutsenlampi, the city of Joutsa	<p>The site is located in the outskirts of the town of Joutsa. The area is occupied by a forest and cottages. Lake Viheri is located approximately 600 metres to the east of the site. A health centre and a service station are located some 1 kilometres to the east of the site. On the site are a hotel building, 22 rental cottages, a sauna, a swimming pool building, a spa building and a maintenance building. The buildings were constructed between 1968–1975. The spa building has been converted into residential accommodation.</p> <p>The first floor of the hotel comprises an entrance hall, a</p>	Rantasipi Oy leases the entire building on a lease expiring in 2012-12-31.	284,156 Euro	284,156 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	restaurant, a lobby bar and 42 hotel rooms. The second floor comprises a nightclub, two large conference rooms and three smaller conference rooms. The cottages comprise 22 apartments, each of which comprises three rooms and a bathroom. The sauna includes four separate saunas and a swimming pool.			
Rantasipi Laajavuori, the city of Jyväskylä	The property is located in Laajavuori, approximately 3.5 kilometres to the northwest of the city centre of Jyväskylä. The surrounding area mainly consists of a forest. In the immediate vicinity are the Laajavuori Sport Centrum and a ski resort. The subject property comprises a hotel- building constructed over floors and a ground floor. The hotel was constructed in 1969 and enlarged in 1976 and 1988. The building is in need of refurbishment. The ground floor comprises an entrance hall, 5 saunas, a swimming pool, an auditory and a large restaurant. On the ground floor there are two squash courts and four apartments. The second floor comprises conference rooms and hotel rooms. The third floor comprises hotel rooms. The hotel comprises 190 bedrooms.	Rantasipi Oy leases the entire building on a lease expiring in 2012-12-31.	594,120 Euro	594,120 Euro
Rantasipi Pohjanhovi, the city of Rovaniemi	The property is situated in the Rovaniemi city centre near the main shopping district and the Ounasjoki river. The best retail premises are located along the pedestrianised section of the street approximately 200 meters to the west of the subject property. The subject property comprises two properties: Pohjanpuistikko 2 and Koskikatu 1. The site is situated on both opposite sides of Pohjanpuistikko.	There are two tenants in the building. The main tenant is the hotel operator Hotelli Pohjanhovi Oy and the other tenant is Lapin Safarit Oy. The lease of the hotel operator Hoteli Pohjanhovi Oy expires on 31 st December 2012 and the lease of Lapin Safari Oy runs expires on 30 th November 2009.	1,552,983 Euro	1,552,983 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>The subject property comprises Pohjanpuistikko 2 constructed over five floors and a basement and Koskikatu 1 constructed over four floors and a basement.</p> <p>Pohjanpuistikko 2 was constructed over a number of years from 1947 – 1953 and extended in 1973.</p> <p>Pohjanpuistikko 1 was completed in 1981.</p> <p>The first floor of Pohjanpuistikko 2 comprises an entrance hall, a reception, a nightclub, a restaurant, a bar, a kitchen, conference rooms and two shops. The second floor comprises conference rooms and hotel accommodation. The third floor to the fifth floors includes further hotel accommodation. The basement comprises a pub, a nightclub, a sauna, swimming pool and storage accommodation. The second to fourth floors at Koskikatu 1 comprise hotel accommodation. The basement to first floors has been leased to another occupier.</p> <p>The hotel has a total of 215 rooms and twelve conference rooms for up to 180 delegates. Within the courtyard there are approximately 45 car parking spaces.</p>			
Rantasipi Sveitsi, the city of Hyvinkää	<p>The site is located in the city of Hyvinkää, approximately 1.5 kilometres to the west of the city centre.</p> <p>The subject property comprises a 194-bedroom hotel with four wings, A-D. Part A comprises a three-storey wing including a sauna and a swimming pool. Part B comprises accommodation over two floors. Part C comprises a basement and two upper floors with a fitness</p>	Restel lease the entire building on a lease expiring in 2015-03-31.	857,926 Euro	857,926 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>centre and accommodation facilities and the D-wing comprises a basement and two floors to include a conference centre. On the first floor of the D-wing there is also a sauna and a swimming pool. The buildings were completed between 1973 and 1976. There is additionally a small one-storey residential building on site. The hotel comprises an auditorium for up and 18 conference rooms.</p>			
Rantasipi Rukahovi, the city of Kuusamo	<p>The property is located close to Rukatunturi situated approximately 25 kilometres from the city of Kuusamo. Ruka is a very popular winter sport resort in Finland. The property consists of six different portions: Tunturihotelli, Rukahovi, Rukakurun huoneistohotelli, Henkilökunnan asuntola, Rukan kokouskeskus and Rukan Majat.</p> <p><i>Tunturihotelli, Fell hotel:</i> The subject property comprises a hotel building over seven floors. The building is constructed in 2001. The hotel comprises 105 rooms. The first floor comprises an entrance hall and a restaurant. The second to seventh floor comprises hotel rooms. The building is in good condition.</p> <p><i>Rukahovi:</i> The subject property comprises a hotel building over three floors. The building was constructed in 1964 and extended in 1974 and again in 1984. The building comprises hotel rooms, two restaurants, a nightclub conference rooms and a sauna department. There are 78 hotel rooms.</p> <p><i>Rukakurun huoneistohotelli, Rukakuru apartment hotel:</i> The subject property comprises an apartment hotel building constructed over two</p>	Rantasipi Oy leases the entire building on a lease expiring in 2012-12-31.	1,438,165 Euro	1,438,165 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>floors. The building was constructed in 1988 and extended in 1990. The hotel comprises 48 apartments with their own saunas and kitchens.</p> <p><i>Henkilökunnan asuntola,</i> Accommodation of the personnel.</p> <p>The building comprises three individual apartments. The building was constructed in 1965 and refurbished in 1999.</p> <p><i>Rukan kokouskeskus, Ruka conference centre:</i> The subject property comprises seven conference suites.</p> <p><i>Rukan majat, Ruka cabins:</i> Ruka cabins are in bad condition and have not been used for several years.</p>			
Scandic Plaza, the city of Turku	<p>The property is located in the city centre, approximately 500 metres to the north of the River Aurajoki. Commercial, residential and office buildings occupy the surrounding areas. The subject property comprises a 117 bedroom hotel over six floors and a basement. The building was constructed in 1926 and refurbished in 2000. The building appears to be in good condition. The property is of traditional brick construction beneath a profile metal roof.</p> <p>The first floor comprises an entrance hall, two restaurants, a bar and a small shop. The second floor comprises also a second shop, two conference rooms and some bedrooms and the third to sixth floors comprise hotel rooms. In the basement are a sauna, a conference room and a shop.</p>	Scandic Hotels Oy leases the entire building on a lease expiring in 2015-09-06.	810,025 Euro	810,025 Euro
Scandic Rovaniemi, the City of Rovaniemi	The property is located in the city centre of Rovaniemi. In the surrounding area are residential and retail properties.	Scandic Hotels Oy leases the entire building on a lease expiring in 2013-06-30.	574,183 Euro	574,183 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>The subject property comprises a 167 bedroom hotel building over five floors and a basement and constructed in 1992. The building is in generally in good condition. The first floor comprises an entrance hall, two restaurants and two retail units. The second floor comprises hotel rooms and a restaurant. The third to fifth floors comprise additional hotel rooms. There are 40 car parking spaces and a nightclub (not in use at the moment) located within the basement. The hotel also comprises three conference rooms, a sauna and a jacuzzi.</p>			
Sokos Hotel Pasila, the city of Helsinki	<p>The property is situated in Pasila approximately four kilometres to the north of the Helsinki city centre. The surrounding area mainly includes office and residential properties but other occupiers include the Finnish Fair, Congress Centre and Hartwall Arena.</p> <p>The subject property comprises a hotel over 7 floors and two basements. The building was constructed in 1984. The rooms, bathrooms and common areas have been recently refurbished. The first floor comprises an entrance hall with a reception, a lobby bar and some offices. The second floor comprises a restaurant, conference rooms, personnel facilities and a sauna department. The third to seventh floors comprise hotel accommodation. In the lower basement are personnel facilities, squash rooms and a garage providing 52 car parking spaces. In the upper basement are technical premises, some storage facilities and a garage with 62 car parking spaces. The hotel has a total of 178 rooms. On the site there are an additional ten car parking spaces.</p>	<p>Sokotel Oy is the only tenant in the building. The lease expires on 31 December 2018.</p> <p>The tenant is considered to have a good credit rating.</p>	1,350,492 Euro	1,350,492 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Sokos Hotel Seurahuone, the city of Kotka	<p>The property is located in the city centre. The surroundings areas includes a park situated opposite to the hotel and residential, retail and office accommodation. The city centre is located on an island and the sea is situated approximately 500 metres to the northwest.</p> <p>The subject property comprises a 128-bedroom hotel constructed in 1961. The building consists of three parts. The hotel (part A) has eight storeys and a basement and is connected to a two storey conference centre (part B). There is also a small separate retail centre (part C).</p> <p>In general, part A appears to be in good condition. The office accommodation at parts B and C are in a reasonable condition.</p> <p>The first floor in part A comprises an entrance hall and two restaurants. The second to eighth floors comprise mainly hotel rooms. Part B comprises restaurants on the first floor and restaurants and conference rooms and some retail units to the second floor. Part C comprises retail premises. In the basement is a garage with approximately 50 car parking spaces.</p>	<p>Sokotel Oy is the only tenant in the building. The lease expires on 31 December 2016.</p> <p>The tenant is considered to have a good credit rating.</p>	1,168,940 Euro	1,168,940 Euro
Lord Hotel, the city of Helsinki	<p>Lord Hotel Helsinki was opened in 1990 January, located close to the railway station in downtown Helsinki.</p> <p>The Lord Hotel Helsinki is a high-class hotel in an architecturally unique milieu. The reception, restaurants and private rooms are in a romantic granite castle.</p> <p>There are in total 48 rooms, all with air conditioning. The Lord Hotel has two restaurants</p>	Palace Hotels Oy leases the building on a lease expiring in 2020-05-01.	819,236 Euro	819,236 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Holiday Club Katinkulta, the city of Vuokatti	<p>Holiday Club Kuusamon Tropiikki is situated between the town of Kuusamo to the south and Ruka, a popular Ski resort to the north. The subject property is situated on the E63 that links Kuusamo to the south and Kemijarvi to the north.</p> <p>Kuusamo the nearest town is located in the north-eastern part of the province of Oulu, Finland and is 240 km from Kajaani, 217 km from Oulu, 810 km and one hour's direct flight from Helsinki.</p> <p>The property accessed from the E63 via Kitkantie to the east and is situated in its own grounds fronting a small lake to the north. The property comprises of a hotel complex, holiday apartments and campsite.</p> <p>To the east of the site is the hotel. Constructed in two phases the 123-bedroom hotel comprises of three interlinked buildings. The main building is a three storey concrete framed construction, with externally tiled walls and a tiled pitched roof. The second element of the building is a two-storey building of concrete framed construction with externally clad timber walls. The third and most modern element comprises of a three-storey building of concrete framed construction with brick walls. There are approximately 150 car parking spaces located adjacent to the hotel.</p>	Holiday Club leases the hotel on a lease expiring in 2025-08-31.	757,298 Euro	757,298 Euro
Holiday Club Saariselkä, the city of Inari	The property is located in Lappland in the northern of Finland in a recreation area.	Holiday Club leases the hotel on a lease expiring in 2025-08-31.	1,091,028 Euro	1,091,028 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Holiday Club Kuusamo, the city of Kuusamo	<p>Holiday Club Kuusamon Tropiikki is situated between the town of Kuusamo to the south and Ruka, a popular Ski resort to the north. The subject property is situated on the E63 that links Kuusamo to the south and Kemijarvi to the north.</p> <p>Kuusamo the nearest town is located in the northeastern part of the province of Oulu, Finland and is 240 km from Kajaani, 217 km from Oulu, 810 km and one hour's direct flight from Helsinki.</p> <p>The property accessed from the E63 via Kitkantie to the east and is situated in its own grounds fronting a small lake to the north. The property comprises of a hotel complex, holiday apartments and campsite.</p> <p>To the east of the site is the hotel. Constructed in two phases the 123-bedroom hotel comprises of three interlinked buildings. The main building is a three storey concrete framed construction, with externally tiled walls and a tiled pitched roof. The second element of the building is a two-storey building of concrete framed construction with externally clad timbre walls. The third and most modern element comprises of a three-storey building of concrete framed construction with brick walls. There are approximately 150 car parking spaces located adjacent to the hotel.</p> <p>Internally, the hotel bedrooms have a standard fit out that includes a carpeted floor, plastered and papered walls and ceiling, twin beds aluminium framed double glazed windows. Bedrooms have tiled en suite bathrooms to include toilet, sink and shower.</p>	Holiday Club leases the hotel on a lease expiring in 2025-08-31.	1,290,411 Euro	1,290,411 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	<p>The hotel has six conference rooms all of varying sizes. The hotel has a restaurant which comprises of a part tiled, part carpeted floor, plastered and painted walls. The restaurant over looks the swimming pool area via a glazed viewing area. The hotel also provides the following facilities - bowling, gym, children's play area and tennis courts. The hotel has two 800kg lifts that serve all floors.</p> <p>To the west of the site are 16 holiday apartments. The apartments have timbre log walls and a pitched tiled roof.</p>			
Holiday Club Tampereen Kylpylä, the municipality of Tampere	<p>The property is located on two sites: register no: 837-128-973-1 with the area of 3,727 sq m and register no: 837-128-973-7 with the area of 7,292 sq m. The address of the property is Lapinniemenranta 12, 33180 Tampere. The property is located approximately 1.5 kilometres to the north from the city center in Lapinniemi area close to Näsijärvi coastline. In the immediate surroundings of the property there is mainly residential properties.</p> <p>The spa premises totalling to 5,281.5 sq m are located on the first and second floor of charming old six-storey red brick industrial building that was extensively renovated, enlarged and converted into spa and residential use between 1987 and 1990. The spa premises included into valuation and located on the ground floor comprise reception, restaurant with 150 seats and day spa area with large pool, jacuzzi, conventional and steam sauna departments and several separate treatment rooms used for special pampering</p>	Sokotel Oy leases the entire building on a lease expiring in 2021-04-30.	1,408,728 Euro	1,408,728 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
	treatments and baths. Next to the restaurant area is located a congress center offering meeting facilities approximately up to 650 persons. The hotel rooms are located in the separate building with 3,237 sq m, 11 floors and constructed in 2003.			
Albertinkatu 30, the municipality of Helsinki	<p>The property is located on the site 91-4-2-1. The area of the site is 1,149 sq m. The address of the property is Albertinkatu 30, 00120 Helsinki. The property is located in Helsinki city centre in highly respected Kamppi residential and commercial area approximately 1 kilometer to the south west from the Helsinki CBD and the railway station.</p> <p>The subject property is under renovation and is estimated to be completed in August 2007. The subject property comprises of a hotel building with six floors and two basements. The building was originally constructed in 1959 and several renovations have been done since completion. The property will be completely renovated according to Sokos Hotel's standard and the renovation costs are estimated to be €4,650,000 corresponding €1,020 per sq m. The ground floor of the property will comprise an entrance hall, restaurant, kitchen, three hotel rooms and two retail premises. The second to fifth floor will comprise hotel rooms. On the upper basement will be located conference rooms, sauna department, social and warehouse premises and garage. The lower basement will comprise of technical and warehouse premises.</p>	Sokotel Oy leases the entire building on a lease starting in August 2007 and expiring in 2022-07-31.	0 Euro	750,000 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Tropiclandia, the municipality of Vaasa	The property is located on the site 905-12-2-16. The area of the site is 49,476 sq m. The address of the property is Lemmenpolku 3, 65170 Vaasa. The property is located approximately 1.5 kilometres from the city center on the island of Vaskiluoto, which is connected with a bridge to the mainland. The bridge starts some 400 meters from the property. In the immediate surroundings of the property there is a Spa called Tropiclandia and an amusement park called Vasalandia, which is open only during the summer time.	Restel Oy leases the entire building on a lease expiring in 2022-06-30.	918,965 Euro	918,965 Euro

The subject property comprises of a hotel building with four floors and a basement. The building was constructed in 1972, enlarged in 1982 and was renovated extensively in 1999. The building consists of two parts. The hotel part has three floors and a basement while the restaurant part has one floor and a basement. The ground floor of the hotel has a lobby and a reception point as well as a small gaming area and a shop. The entrance to the restaurant part of the building, which also houses some conference rooms, is from the lobby. The rest of the ground floor consists of one conference room and hotel rooms. The hotel is connected to the neighbouring spa with a tunnel. The second floor of the building has hotel rooms, a sauna and some conference and team work rooms. The third floor of the building has hotel rooms. The basement has conference rooms, a gym, some storage, an air raid shelter and some social premises for the staff. The technical premises are located on the attic as well as in the basement.

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Sokos Hotel Vaakuna Hämeenlinna, the municipality of Hämeenlinna	<p>The Property comprises two sites; 109-5-35-2 and 109-5-35-3. The site 109-5-35-2 has an area of 1,078 sq m and the site 109-5-35-3 has an area of 2,441 sq m. The address of the property is Possentie 7. The Property is located one kilometre from the city centre of Hämeenlinna and the surrounding area consists of railway station, old industrial and warehouse buildings and apartment buildings with retail premises on the ground floor.</p> <p>The subject property comprises a five-storey hotel building with attic constructed in 1989. The ground floor of the subject property comprises an entrance hall, restaurant, conference rooms, three team workrooms and warehouse, social and technical premises. The first floor comprises conference rooms, office accommodation and hotel rooms and the remaining upper parts comprise hotel rooms. There are two saunas on the fourth floor and a sauna and a small swimming pool in the attic. The property has an asphalt-covered back yard, which houses 91 car parking spaces. 29 car parking spaces are under a car parking deck and 28 are on top of it. On the lakeside front of the building there is a terrace and a kiosk. The hotel comprises 123 rooms and 10 conference rooms with a capacity for up to 120 people.</p>	Sokotel Oy leases the entire building on a lease expiring in 2011-08-31.	583,992 Euro	583,992 Euro
Scandic Neringa	The property has a central location in Vilnius. The hotel has in total 60 rooms.	The building is let by Scandic Hotels on a lease expiring in 2014-12-22.	859,944 Euro	859,944 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Bergkamen-Rünthe, the municipality of Bochum.	<p>The site has an area of 31,236 m². The address of the property is Industriestrasse 20, Bochum. The property is located in the industrial park Rünthe, which is one of the oldest industrial parks in town having been developed in the 1970s and 1980s. The property is situated on a rectangular shaped site, which is fenced all the way around. The premises can only be accessed from Industriestraße.</p> <p>There are two office buildings of three storeys constructed in the early 1990s. One comprises the main entrance with a reception area and a central staircase. The other office building has two floors and is of similar fit out, with suspended ceilings. There is access to the production halls from that building part. The production halls are constructed of concrete up to a height of approximately 2-3 meters and aluminium exterior walls set on top. The floors are also of concrete.</p>	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.	827,374 Euro	827,374 Euro
Fasteners (Poland), the district of Bielsko- Biala.	<p>The site has an area of 57,607 m². The address of the property is Wyzwolenia 105 Str., Bielsko Biala. The surrounding area is industrial with a French and Italian factories located directly next to the property. In addition there is a large redundant factory, which belongs to BEFAMA a company that is currently in liquidation. The remainder of the area is residential.</p> <p>Building erected in 1962. The property comprises 14 different buildings of different sizes, uses, years of construction and standards. The two largest buildings were erected in 1962 and 1975 and comprise mainly production areas.</p>	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.	538,571 Euro	538,571 Euro

<u>Property</u>	<u>Description, Age and Tenure</u>	<u>Terms of Existing Tenancies</u>	<u>Net Annual Rent 01/07/2007</u>	<u>Estimated net Annual Rent 01/07/2007</u>
Metal Structures (Poland), the district of Bielsko-Biala.	<p>The site has an area of 61,464 m². The address of the property is Wyzwolenia 84 Str., Bielsko-Biala. The surrounding area is industrial with a French and Italian factories located directly next to the Property. In addition there is a large redundant factory, which belongs to BEFAMA a company that is currently in liquidation. The remainder of the area is residential.</p> <p>Building erected in 1985. The property comprises a building in two floors erected in 1985 (refurbished in 2001). The building provides accommodation for warehouse, production services and an office accommodation. The property also comprises a building under construction. The property will provide accommodation for a new production hall. The L shaped building is of steel frame construction under flat corrugated metal roof with suspended spot lighting.</p>	Finnveden AB. They are currently occupying the entire property on a lease expiring 2021-06.	785,070 Euro	785,070 Euro

PART (B)
CUSHMAN VALUATION

Northern European Properties Limited
13 Castle Street
St Helier
Jersey,
Channel Islands JE4 5UT

Citigroup Global Markets U.K. Equity Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

17 December 2007

Dear Sirs

PROPERTY VALUATION AS AT 8 OCTOBER 2007
VARIOUS PROPERTIES TOGETHER KNOWN AS “THE RED SQUARE PROPERTIES”
NORTHERN EUROPEAN PROPERTIES LIMITED (“THE COMPANY”)

We have pleasure in reporting to you as follows:

1. INSTRUCTIONS

In accordance with the engagement letter dated 1 October 2007 and attached Principal Terms and Conditions of Appointment as Valuers (together the “Instructions”, attached at Appendix 2), we have considered the properties set out in Appendix 1, which we understand are held by the Company or its subsidiaries.

We are instructed to prepare this Valuation Report for inclusion in a prospectus to be published by the Company (the “Prospectus”) in connection with its introduction and admission to trading on Euronext Amsterdam N.V.’S Eurolist by Euronext (“Admission”).

The effective date of this valuation is at 8 October 2007.

The valuation has been prepared in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors (“the Red Book”) in May 2003.

The valuation has been prepared by an appropriate valuer who conforms to the requirements as set out in the Red Book, acting in the capacity of External Valuer.

We confirm that this valuation is a Regulated Purpose Valuation as defined in the Red Book.

2. BASIS OF VALUATION

Properties which are held as investments or are surplus to requirements have been valued on the following basis:

MARKET VALUE

This is defined as “The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”



A list of partners' names is available at the firm's European Headquarters, 43/45 Portman Square, London W1A 3BG Telephone +44 (0) 20 7935 5000

3. TENURE AND TENANCIES

We have not had access to the Title Deeds or Leases and our valuation has been based on the information which you or your advisers have supplied to us as to tenure, tenancies and statutory notices.

Unless disclosed to us to the contrary and recorded in Appendix 1, our valuation is on the basis that:

- (a) each property possesses a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;
- (b) in respect of leasehold properties, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;
- (c) leases to which the properties are subject are on full repairing and insuring terms, and contain no unusual or onerous provisions or covenants which would affect value;
- (d) in respect of leases subject to impending or outstanding rent reviews and lease renewals, we have assumed that all notices have been served validly and within appropriate time limits;
- (e) the properties valued exclude mineral rights, if any; and
- (f) vacant possession can be given of all accommodation which is unlet, or occupied either by the Company or by its employees on service occupancies.

4. NET ANNUAL RENT

The net annual rent for each property is referred to in the Schedule at Appendix 1. Net annual rent is defined for the purposes of this valuation as:

“the current income or income estimated by the valuer:

- (i) *ignoring special receipts or deductions arising from the property;*
- (ii) *excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and*
- (iii) *after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent”*

5. TOWN PLANNING

We have not made formal searches, but have generally relied on verbal enquiries and any informal information received from the Local Planning Authority, or from the Company.

Each valuation is on the basis that the property has been erected either prior to planning control or in accordance with a valid planning permission and is being occupied and used without any breach of planning or building regulations. Except where stated otherwise, each valuation is on the basis that each property is not affected by proposals for road widening, Compulsory Purchase, planning inquiry, or archaeological investigation.

6. STRUCTURE

We have neither carried out a structural survey of each property, nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure or services at any property. Each valuation takes into account any information supplied to us and any defects noted during our inspection, but otherwise are on the basis that there are no latent defects, wants of repair or other matters which would materially affect each valuation.

We have not inspected those parts of each property which are covered, unexposed or inaccessible and each valuation is on the basis that they are in good repair and condition.

We have not investigated the presence or absence of High Alumina Cement, Calcium Chloride, Asbestos and other deleterious materials. In the absence of information to the contrary, each valuation is on the basis that no hazardous or suspect materials or techniques have been used in the construction of any property. You may wish to arrange for investigations to be carried out to verify this.

7. SITE AND CONTAMINATION

We have not investigated ground conditions/stability and each valuation is on the basis that any buildings have been constructed, having appropriate regard to existing ground conditions. Where the property has development potential, our valuation is on the basis that there are no adverse ground conditions which would affect building costs. However, where you have supplied us with a building cost estimate, we have relied on it being based on full information regarding existing ground conditions. We have considered the Company's construction estimates in the light of typical market norms.

We have not carried out any investigations or tests, nor been supplied with any information from you or from any relevant expert that determines the presence or otherwise of contamination (including any ground water). Accordingly, our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation. Should this basis be unacceptable to you or should you wish to verify that this basis is correct, you should have appropriate investigations made and refer the results to us so that we can review our valuation.

8. PLANT AND MACHINERY

Where the interest held in the property is freehold, usual landlord's fixtures such as lifts, escalators and central heating have been treated as an integral part of the building and are included within the asset valued. Where the interest held in the property is short leasehold (<50 years), these items have been treated as belonging to the landlord upon reversion of the lease.

Process-related plant/machinery and tenants' fixtures/trade fittings have been excluded from each valuation.

9. INSPECTIONS

No measured surveys have been carried out by C&W S&R, we have relied entirely on the site and floor areas and dimensions provided to us by the Company. We have assumed that these are correct and calculated on the appropriate basis, as normally adopted by the local property market.

Any references to the age of buildings are approximate.

10. GENERAL PRINCIPLES

Each valuation is based on the information which has been supplied to us by the Company or which we have obtained in response to our enquiries. We have relied on this information as being correct and complete and on there being no undisclosed matters which would affect each valuation.

In respect of tenants' covenants, whilst we have taken into account information of which we are aware, we have not received a formal report on the financial status of the tenants. We have not been supplied with any information to indicate that there are material arrears or that the tenants are unable to meet their commitments under the leases. Each valuation is on the basis that this is correct. You may wish to obtain further information to verify this.

No account has been taken of any leases granted between subsidiaries of the Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over each property. Where a grant has been received, no allowance has been made in our valuations for any requirement to repay the grant.

A purchaser of a property is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this Valuation Report has been prepared.

The valuation of each property has been undertaken by Mr T Millard MRICS, and Mr K Lebedev. We strongly recommend that no disposal of any property should be undertaken without proper exposure to the market. Each valuation assumes that there is an active letting and funding market.

This Valuation Report should be read in conjunction with our terms of engagement and in particular our Standard Terms and Conditions of Appointment of Cushman & Wakefield as Valuers.

11. DISCLOSURE

The valuation has been provided for the purpose of inclusion in the Prospectus in connection with the Admission and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, we confirm that:

- The members of The Royal Institution of Chartered Surveyors who are named in Section 10 above have not previously been the signatories to the valuations provided to the Company for the same purposes as this Valuation Report. C&W S&R have not previously carried out these valuations for the same purpose as this Valuation Report on behalf of the Company.
- C&W S&R have from time to time provided other professional or agency services to the client and have done so for a period of less than five years.
- In relation to the preceding financial year the proportion of the total fees payable by the Company to the total fee income of either C&W S&R is less than 5 per cent.

12. SPECIAL ASSUMPTIONS, RESERVATIONS AND DEPARTURES

We can confirm that each valuation is not made on the basis of any special assumptions or any departures from the Practice Statements contained in the Red Book. Subject to the general limitations of our inspections and sources of information set out above, each valuation is not subject to any specific reservations in relation to restricted information or property inspection.

13. VALUATION

Subject to the foregoing, and based on values current as at 8th October 2007, we are of the opinion that the aggregation of the Market Value of each 100 per cent. share of each freehold and leasehold interest held by the Company in each property, as set out in the appendix, is the total sum of:

US\$127,000,000

(One hundred and twenty seven million US Dollars)

The valuation stated above represents the aggregate of the current values attributable to the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot. We set out the description of each property in Appendix 1.

14. NO SIGNIFICANT CHANGE

Assuming there has been no change in the tenancy position, or income profile for each asset since 8 October 2007, as far as we are aware, there has been no significant change in the Market Values of the Properties described in the Schedule between 8 October 2007 and the date of this Valuation Report.

15. CONFIDENTIALITY

The contents of this Valuation Report are only intended to be for the specific purpose stated, which is to form part of the prospectus for the Company.

16. CONDITIONS ON USE AND RELIANCE

To the fullest extent permitted by the law (including any mandatory responsibility arising from the listing rules or prospectus rules of any stock exchange) we do not assume any responsibility to and we hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons other than those parties to whom this Valuation Report is addressed and to whom we have issued a reliance letter.

Other than those parties to whom this Valuation Report is addressed (or any person to whom we have issued a reliance letter and who has accepted the terms contained therein), any third party seeking to rely on this Valuation Report shall only be entitled to do so for the purposes of determining whether or not to acquire shares in Northern European Properties Limited.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without the written consent of Cushman & Wakefield (having first been obtained) and any person who contravenes this provision shall be responsible for all of the consequences of the same including indemnifying Cushman & Wakefield for all of the consequences of the contravention. Cushman & Wakefield accepts no liability for any use of the Report which is in contravention of this section.

17. PUBLICATION

Before the Valuation Report or any part of its contents are reproduced or referred to in any other document, circular or statement or disclosed orally to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Valuation Report is combined with others.

With no prejudice to the paragraph above the Valuation Report may be disclosed in its entirety as a part of the Prospectus to person or persons other than the addressees of the Valuation Report only for the purposes of determining whether or not to acquire shares in Northern European Properties Limited.

18. DECLARATION

We accept responsibility for the information contained in this Valuation Report. We declare that to the best of our knowledge and having taken all reasonable care to ensure that such is the case, the information confirmed in this Valuation Report is in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

For and on behalf of Cushman & Wakefield



TIMOTHY MILLARD MRICS
Partner



KONSTANTIN LEBEDEV
Director

APPENDIX 1

SCHEDULE OF PROPERTIES

INVESTMENT PROPERTY

Property ID: Property Address:	Description, Age And Tenure	Terms of Existing Tenancies:	Net Annual Rent 08/10/2007	Estimated Net Operating Income 08/10/2007
No: 1 Kaliningrad Plaza Complex 30 Leninsky avenue, Kaliningrad, Russia	<p>The property comprises 2 buildings, both constructed in 2006 and situated on a 0.65 hectare site. One of them (Building A) is Kaliningrad Plaza shopping centre provides 16,550 sq m of fully enclosed retail and office accommodation (GLA) — arranged over seven above ground levels and two basement levels. The retail accommodation provides 14,745.9 sq m of leasable space. The basement to 3rd floor has been designed as a traditional shopping centre with anchors located at either end of a linear mall.</p> <p>The scheme contains 2,633 sq m of leasable office space above the retail accommodation from the 4th to the 7th floor.</p> <p>A further office building (Building B) of 5,712 sq m leasable office space is also located on the site, to the rear of the shopping centre. The office building (Building B) was developed by ADG alongside Kaliningrad Plaza.</p> <p>The property is held freehold.</p>	<p>The Building A is 100% leased, being subject to 72 commercial tenancies with average terms of between 3 to 5 years for the retail gallery tenants, and 10 – 15 years for anchors. The tenant has the right of first refusal for extending the lease.</p> <p>Termination dates range from end of 2007 to beginning of 2022. Tenants are responsible for fit-out and internal repair plus operating expenses.</p> <p>Building B is not subject to any tenancies.</p>	\$5,628,721	\$6,328,293 (including rental income from the Building B)
No: 2 Forum Shopping Centre 134 Kolsky avenue, Murmansk, Russia	<p>The property comprises a neighbourhood Shopping Centre completed in September 2006, arranged over 4 above ground floors, comprising a gross area of 22,400 sqm, a net leasable area of 16,200 sqm and 550 surface parking spaces.</p> <p>The building held freehold.</p>	<p>The property is 97% leased, being subject to 101 commercial tenancies with average terms of between 11 months and 7 years.</p> <p>Termination dates range from end of 2007 to beginning of 2014. Tenants are responsible for fit-out and internal repair plus operating expenses.</p> <p>There are non-recoverable costs of \$827,647.</p>	\$5,500,646	\$5,500,646 It is a subject to annual uplifts of 5% after the 2 nd lease year.

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

“ABB”	ABB Fastighet AB
“Acquired Group”	has the meaning set out in paragraph 8.3 of Part X
“Adjusted FFO”	net income before valuation gains/losses on investment properties and financial instruments, profit/loss on disposals, amortisation, depreciation and impairment, effects of straight-line rent, Convertible Loan Note interest expense, effects of the issuance of share options and any significant non-cash effects arising from the implementation of IFRS, for example goodwill and deferred taxes
“Administrator”	Sanne Trust Company Limited
“Admitted Institution”	the institutions which hold Shares on behalf of their clients through Euroclear Nederland as admitted institutions of Euroclear Nederland
“Affiliate”	a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified
“AFM”	<i>Autoriteit Financiële Markten</i> , the Dutch Authority for the Financial Markets
“AIM”	AIM, a market of the London Stock Exchange
“AIM Admission”	the date, being 15 November 2006, upon which the Company’s Shares were admitted to trading on AIM
“AIM Rules”	the rules published by the London Stock Exchange governing admission to and the operation of AIM
“Articles” or “Articles of Association”	the articles of association of the Company in force from time to time
“Baltic Region”	Estonia, Latvia and Lithuania
“Baltic Russia”	St Petersburg and its environs
“Baltic Russian Portfolio”	means the two properties located in Kaliningrad and Murmansk which the Company has already acquired and a further four properties in St Petersburg which the Company expects to acquire by early 2008 as further described in Part I and listed in the Appendix to Part B of Part XI of this document
“Board” or “Directors”	the board of directors of the Company
“CBD”	Central business district
“CIF Law”	the Collective Investment Funds (Jersey) Law 1988
“Citi”	Citigroup Global Markets U.K. Equity Limited, in its capacity as Nominated Adviser, and/or in its capacity as Financial Adviser of Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB
“Code”	the U.S. Internal Revenue Code of 1986, as amended
“Companies Law”	the Companies (Jersey) Law, 1991 (as amended)
“Company”	Northern European Properties Limited

“Convertible Loan Notes”	unsecured convertible loan notes of the Company of €1.00 nominal value each, details of which are set out in paragraph 3 of Part X of this document, and any further such convertible loan notes issued
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“CREST”	the facilities and procedures for the time being of the relevant system of which Euroclear UKIL has been approved as operator pursuant to the Uncertificated Securities Regulations 1995
“Cushman”	Cushman & Wakefield Stiles & Riabokobylo
“Development Assets”	any real estate asset on which material development or redevelopment works are being or are to be carried out, including the demolition of buildings, construction of new buildings, extension of existing buildings or other similar building works
“Dividum Portfolio”	a portfolio of 38 hotels, being all of the hotels that form part of the Nordic Portfolio except for the Berns hotel in Stockholm and Holiday Club Hotel in Åre
“DTZ”	DTZ Sweden AB of Box 70360, Kungsbron 1, 107 24 Stockholm, Sweden
“English Companies Act”	the Companies Act 1985 (as amended) of England and Wales
“ERISA”	the U.S. Employee Retirement Income Security Act of 1974, as amended
“EURIBOR”	Euro Interbank Offered Rate
“Euroclear Nederland”	Euroclear Nederland, the Dutch depositary and settlement institute, (<i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i>)
“Euroclear UKIL”	Euroclear UK and Ireland Limited, the operator of CREST
“Euronext Admission”	the date, expected to be 18 December 2007 upon which the Shares are admitted to Euronext Amsterdam
“Euronext Amsterdam”	Euronext Amsterdam N.V.
“Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended
“Finnish Employees”	the nine employees whose service agreements are with either Dividum Oy or LR Finland Oy, both being members of the Acquired Group
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Fully Diluted Share Capital”	the issued share capital of the Company at the relevant time assuming conversion of all Convertible Loan Notes
“Fully Diluted Shares”	the number of Shares at the relevant time assuming conversion of all Convertible Loan Notes
“Gross Asset Value”	the gross asset value of the properties owned by the Group as established by the annual professional valuation of such properties
“Group”	the Company and its subsidiaries from time to time
“IFRS”	International Financial Reporting Standards as adopted in the EU

“ING”	ING Bank N.V., in its capacity as Listing Agent, Dutch Transfer Agent and Paying Agent of Van Heenvlietlaan 220, 1083 CN Amsterdam, The Netherlands
“IPO”	the Company’s initial offer of Shares undertaken in November 2006
“Loan to Value” or “LTV”	the level of bank debt in relation to the market value of a property or portfolio
“London & Regional Group” or “L&R Group”	London & Regional Group Holdings Limited and its Affiliates
“London Stock Exchange”	London Stock Exchange plc
“LR Sweden”	LR Swedish Holdings No. 3 AB, a subsidiary of the Company
“Management Agreement”	the advisory and management agreement between the Company, the Company’s property owning subsidiaries, the Manager and LR Nordic Properties AB dated 10 November 2006
“Management Fee”	the management fee payable by the Company to the Manager in accordance with the terms of the Management Agreement
“Manager” or “LR REAM”	LR Real Estate Asset Management AB
“Nominated Adviser”	Citi Global Markets U.K. Equity Limited
“Nordic Portfolio”	the properties in the Nordic Region held by the Company from time to time
“Nordic Region”	Sweden, Norway, Denmark and Finland
“Option Agreements”	the individual option agreements dated 15 November 2006 pursuant to which options were granted by the Company to each of Jens Engwall, Kari Österlund and Michael Hirst OBE, as described in paragraph 7 of Part X of this document
“Original Facility”	the credit agreement dated 31 July 2006 between, <i>inter alia</i> , LR Navidad Holding AB, LR Finnish Holdings Oy, LR Swedish Holdings No. 2 AB and Citi Global Markets Limited as arranger
“Performance Fee”	the performance fee payable by the Company to the Manager in accordance with the terms of the Management Agreement
“Plan”	any (a) employee benefit plan that is subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended, or plan (including individual retirement accounts and other arrangements) that is subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, (b) employee benefit plan, plan, individual retirement account and other arrangement that is subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, or to provisions under applicable U.S. federal, state, local, or other non-U.S. laws or regulations that are substantially similar to such provisions of ERISA or the Code, (c) entity whose underlying assets include “plan assets” by reason of such employee benefit plan’s, account’s and arrangement’s investment in the entity, or (d) any “benefit plan investor” as otherwise defined in regulations promulgated by the U.S. Department of Labor under Section 3(42) of ERISA

“Qualified Institutional Buyer” or “QIB”	has the meaning given by Rule 144A under the Securities Act
“Registrar”	Capita Registrars (Jersey) Limited
“Rental Shortfall Guarantee”	the guarantee provided by the Manager, further details of which are set out in paragraph 8.2 of Part X of this document
“Securities Act”	the U.S. Securities Act of 1933, as amended
“Shareholders”	the holders of Shares
“Shares”	the ordinary shares in the capital of the Company created under the Companies (Jersey) Law, 1991 (as amended)
“sqm”	square metre
“STIBOR”	Stockholm Interbank Offered Rate
“Taxes Act”	Income and Corporation Taxes Act 1988
“Total Shareholder Return”	the sum of (a) the dividends distributed per Share, during the relevant accounting period, divided by the opening net asset value per Share; and (b) the net asset value per Share at the close of the relevant accounting period divided by the opening net asset value per Share, minus one. A compounding provision is included to the extent that a Performance Fee is not paid in any one year.
“Valuation Reports”	the valuation reports produced by DTZ and Cushman set out in Part XI of this document
“WFT”	the Dutch Act on Financial Supervision (<i>Wet op het Financieel Toezicht</i>)
“2006 Nordic Purchase Agreement”	the purchase agreement between, among others, LR Swedish Holdings No.1 AB, LR Sweden, London & Regional Group Holdings Limited and the Company dated 10 November 2006
“2006 Underwriting Agreement”	the underwriting agreement between the Company, the Directors, the Manager, LR Swedish holdings No.1 AB, the Nominated Adviser and the Underwriter dated 10 November 2006

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