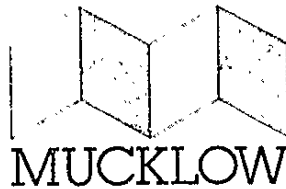


717658

PRELIMINARY OFFERING CIRCULAR

16th April, 1992 ✓

A copy of this document, which comprises listing particulars with regard to the issue of a further £30,000,000 11½ per cent. First Mortgage Debenture Stock 2014 by A. & J. Mucklow Group plc in accordance with the listing rules made under Section 142 of the Financial Services Act 1986, has been delivered for registration to the Registrar of Companies in England and Wales as required by Section 149 of that Act. The listing particulars have been approved by The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. ✓



A. & J. Mucklow Group plc ✓

(Incorporated in England under the Companies Act 1948. Registered number 717658) ✓

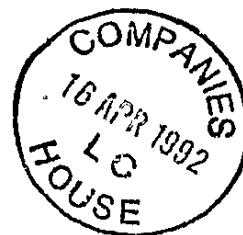
Issue by way of placing of a further

£30,000,000

11½ per cent. First Mortgage Debenture Stock 2014

Issue price £ per cent.

104.319



S.G. Warburg Securities

UNITED KINGDOM AND THE REPUBLIC OF IRELAND LIMITED AS LISTING PARTICULARS UNDER THE LISTING RULES MADE UNDER SECTION 142 OF THE FINANCIAL SERVICES ACT 1986, THIS DOCUMENT HAS NOT BEEN SO APPROVED. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CORRECTION, COMPLETION AND AMENDMENT. THIS DOCUMENT IS BEING ISSUED FOR THE PURPOSE OF ARRANGING A SELECTIVE MARKETING AND MUST NOT BE CIRCULATED OR DELIVERED TO ANY PERSON OTHER THAN THE ADDRESSEE. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF AN OFFER OF, OR INVITATION TO ACQUIRE, ANY OF THE NEW STOCK.

Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange") for the further issue of £30,000,000 11½ per cent. First Mortgage Debenture Stock 2014 (the "New Stock") to be admitted to the Official List. It is expected that listing will become effective and dealings will commence on 21st April, 1992 for special settlement on 28th April, 1992.

The Directors of A. & J. Mucklow Group plc (the "Company"), whose names appear in paragraph 4 of Part 7 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Contents

	Page
Part 1: Capitalisation	3
Part 2: Particulars of the New Stock	4
Part 3: Valuation Certificate	10
Part 4: Other information relating to the issue	17
Part 5: Interim results for the six months ended 31st December, 1991	18
Part 6: Taxation	20
Part 7: General information	21

Part 1

Capitalisation

1. Share capital

The present authorised and issued share capital of the Company is as follows:—

Authorised	Issued and fully paid		Authorised £'000	Issued and fully paid £'000
		4.9 per cent. net (formerly 7 per cent.) Cumulative Preference shares of £1 each	675	675
675,000	675,000	Ordinary shares of 25p each	29,325	24,410
117,300,000	97,641,384		<u>30,000</u>	<u>25,085</u>

2. Loan capital and other indebtedness

At 28th February, 1992 the Company and its subsidiaries (the "Group") had outstanding the following borrowings:—

Secured medium and long-term loans repayable after more than one year:—

	£'000
6 $\frac{3}{4}$ per cent. First Mortgage Debenture Stock 1989/94	675
7 $\frac{1}{2}$ per cent. First Mortgage Debenture Stock 1990/95	391
13 $\frac{1}{4}$ per cent. First Mortgage Debenture Stock 2000/05	5,000
11 $\frac{1}{2}$ per cent. First Mortgage Debenture Stock 2014	30,000
Other secured long-term loans (of which £1,111,000 is repayable within five years)	<u>5,000</u>
	41,066

Secured loans repayable within one year:—

Bank overdrafts	134
Total gross borrowings	<u>41,200</u>

At 28th February, 1992 the Group had contingent liabilities of £30,600 and cash and short-term deposits totalling £2,800,000.

Save as disclosed above, and apart from intra-group indebtedness and guarantees of group indebtedness, neither the Company nor any of its subsidiaries had outstanding at 28th February, 1992 any borrowings or indebtedness in the nature of borrowing, including loan capital issued, or created but unissued, term loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Save for payments made in respect of property acquisitions amounting to approximately £2,500,000 and payments of Corporation Tax and Advance Corporation Tax amounting to approximately £4,700,000, there has been no material change in the Group's indebtedness since 28th February, 1992.

Part 2

Particulars of the New Stock

The New Stock was created by a resolution of a duly authorised committee of the Board of Directors of the Company passed on 15th April, 1992 and will be constituted and secured by a supplemental trust deed (the "First Supplemental Trust Deed") between the Company, A. & J. Mucklow (Properties) Limited (a wholly-owned subsidiary of the Company) and The Law Debenture Trust Corporation p.l.c. (the "Trustee") supplemental to a trust deed dated 30th June, 1989 (the "Principal Trust Deed") which constitutes and secures an existing issue of £30,000,000 11½ per cent. First Mortgage Debenture Stock 2014 (the "Original Stock"). The New Stock will rank pari passu in point of security with the Original Stock and, save for the first payment of interest thereon, shall form a single series with the Original Stock. The Principal Trust Deed and the First Supplemental Trust Deed are hereinafter together referred to as the "Trust Deed" and the Original Stock and the New Stock are hereinafter together referred to as the "Stock". The Trustee will act as trustee for the holders of the Stock (the "Stockholders").

1. Definitions

The following definitions apply in this document:—

"charging subsidiary" means any subsidiary of the Company incorporated in the United Kingdom which shall have subsisting on any of its assets any charge by way of collateral security for the Stock and/or any Further Stock.

"Further Stock" means any stock which may be created and issued by the Company pursuant to paragraph 5 below.

"net annual income" means at any time:—

- (a) in relation to any property, the amount as reported by the Auditors to be the annual income receivable from such property then accruing or due to commence to accrue within three months of such Auditors' report after deducting any value added tax or similar tax but before deducting any other taxation and after making proper provision where appropriate in the opinion of the Auditors in relation to the relevant property for ground and head rents, rates, insurances, property management expenses, repairs, maintenance and other outgoings borne or to be borne by the Company or any charging subsidiary, amortisation of leaseholds in accordance with generally accepted accounting principles from time to time in force and depreciation of any fixed plant and machinery thereon (other than tenants' or trade fixtures); and
- (b) in relation to short gilts, monies or investments representing monies, the amount as reported by the Auditors to be the annual income from such short gilts, monies or investments based on the rate then accruing therefrom before deducting taxation;

provided that no net annual income shall be attributable to any leasehold property of the Company or any charging subsidiary the term of which expires before the latest maturity date of the Stock and any Further Stock.

"property" means freehold, leasehold, heritable or other immovable property situated in the United Kingdom.

"specific security" means the freehold and leasehold properties expressed to be charged by way of first legal mortgage in favour of the Trustee and all other immovable property and all short gilts, monies and investments representing monies which at any time shall or ought, pursuant to any provision of the Trust Deed, any deed supplemental thereto and any other instrument entered into pursuant to the same, to be assured to or mortgaged or charged in favour of, or held by, the Trustee by way of first legal mortgage for the payment of the principal monies, premium (if any) and interest on the Stock and any Further Stock and other monies intended to be secured by the said deeds or instrument.

"value" means:—

- (a) in relation to any property:—

- (i) for the purposes of paragraph 5 below, the value ascribed to such property by a valuation as at a date not more than nine months before the issue of the relevant Further Stock;

- (ii) for the purposes of paragraph 6 below, in relation to any property forming part of the specific security at the time a requirement for a valuation is made, the value ascribed to such property by such valuation, and, in relation to any property being brought into charge as a result of such valuation, the value ascribed to that property by a valuation as at a date not more than nine months prior to such property being brought into charge or (at the discretion of the Trustee) the cost of acquisition thereof if the same was acquired not more than nine months before being brought into charge; and
- (iii) for the purposes of paragraph 7 below, the value ascribed to such property (where such property is being brought into charge) by a valuation as at a date not more than nine months prior to such property being brought into charge or, where such property is being released from charge, by a valuation as at a date not more than nine months prior to such property being released from charge, provided that in the case of a property being released from charge which is the subject of a binding contract for sale on an arm's length basis, its value shall be the agreed sale price thereof (without the deduction therefrom of any of the costs of such sale) and provided further that where a property is being brought into charge its value may (at the discretion of the Trustee) be the cost of acquisition thereof if the same was acquired not more than nine months before being brought into charge;

together, in each such case, with the addition of such an amount (if any) as the Auditors shall report to have been the cost of effecting additions or improvements of a capital nature to buildings forming part of the specific security since the date of such valuation or acquisition, provided that, where any such cost is proposed to be taken into account, the Trustee shall be entitled instead at its discretion to require the property to be valued for the purpose of the transaction for which its valuation is required by a valuation as at a date which is no earlier than the date on which such additions or improvements were completed, in which case the value shown by such valuation shall be taken as its value. Where any property is to be released from the specific security there shall, for the purpose of determining value, unless otherwise agreed by the Trustee, be added to any valuation any amount by which the value of such property has been reduced as a result of any unremedied breach of any of the covenants of the Trust Deed. Valuations referred to in this definition shall be made by professional valuers nominated by the Company and approved by the Trustee (or, failing any such nomination by the Company, approved by the Trustee) and shall, unless the Trustee and the Company otherwise agree, be made on the basis of "open market value" as that expression is defined by the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, as in effect on the date on which the relevant valuation is made;

- (b) in relation to any specific security other than property, the value ascribed thereto by a valuation, being:—
 - (i) in relation to monies, a determination by the Trustee of the amount thereof for the time being;
 - (ii) in relation to short gilts, a determination by the Trustee of the value thereof on the basis of the price thereof (net of accrued interest) based on the middle market quotation as derived from the London Stock Exchange Daily Official List or the par value of such gilts (whichever is the lesser); and
 - (iii) in relation to investments representing monies, a valuation thereof as agreed between the Company and the Trustee or, in the absence of such agreement, as determined by an expert approved by the Trustee.

"investments representing monies" means investments (other than short gilts) representing monies which shall have been approved in writing by the Trustee as security for the Stock and any Further Stock.

"short gilt" means a United Kingdom Government stock listed on the London Stock Exchange having on the date upon which such stock first becomes part of the specific security no more than five years to final redemption.

"Auditors" means the auditors for the time being of the Company or, if they are unable or unwilling to carry out any action requested of them pursuant to the Trust Deed, such other firm of chartered accountants as the Trustee may nominate or approve after consultation with the Company.

The Trust Deed includes or will include, inter alia, provisions to the following effect:—

2. Security

The Stock will be secured initially by first legal mortgages by A. & J. Mucklow (Properties) Limited, a wholly-owned subsidiary of the Company, on the properties referred to in the Valuation Certificate, a copy of which is set out in Part 3 below.

The Stock will also be secured by a first floating charge on the undertaking and all the property, assets and rights, present and future, including any uncalled capital, of A. & J. Mucklow (Properties) Limited.

Power will be reserved to the Company or (with the consent of the Company) any of its subsidiaries, whether to satisfy the provisions of paragraph 5 below or otherwise, to add to the specific security by specifically charging in favour of the Trustee and to its satisfaction any additional interest in any property then comprised in the specific security and/or any other property (subject to the approval of the Trustee) and/or short gilts and/or investments representing monies and/or paying or charging monies to the Trustee, in each case to be held as part of the specific security.

3. Interest

The New Stock will carry interest at the rate of $11\frac{1}{2}$ per cent. per annum payable (less income tax, where appropriate) in equal half-yearly instalments on 1st July and 1st January of each year, except that the first payment of interest will be made on 1st July, 1992 for the period from 24th April, 1992 to 1st July, 1992 and will amount to £2.1425 (less income tax, where appropriate) per £100 nominal of New Stock.

4. Repayment and purchase

Any Stock not previously purchased by the Company or any of its subsidiaries will be repaid at par plus accrued interest on 1st July, 2014.

The Company or any of its subsidiaries may at any time purchase any of the Stock:—

- (a) in the market or by tender (available to all Stockholders alike), at a price not exceeding the average of the middle market quotations of the Stock as derived from the London Stock Exchange Daily Official List for the 10 business days immediately preceding the date of purchase or, as the case may be, invitation to tender; or
- (b) in the market at the market price, provided that it is not more than five per cent. above the average referred to in (a) above; or
- (c) by private treaty at a price (inclusive of accrued interest but exclusive of expenses of purchase) not exceeding 115 per cent. of the middle market quotation of the Stock as derived from the London Stock Exchange Daily Official List for the business day immediately preceding the date of purchase;

but not otherwise.

All Stock so repaid or purchased shall be cancelled and shall not be available for re-issue.

5. Issue of Further Stock

The Company may create and issue further pounds sterling first mortgage debenture stock ranking *pari passu* in point of security with the Stock and carrying such rights and on such terms (without limitation) as the Directors of the Company may determine including Further Stock carrying the same rights in all respects as the Stock and forming one class therewith, provided that no Further Stock may be issued unless the Trustee is satisfied that immediately thereafter:—

- (a) the aggregate value of the specific security will be not less than one and two-thirds times the nominal amount of the Stock and all Further Stock then outstanding (including any fixed or minimum premiums payable on final repayment); and
- (b) the net annual income receivable from the specific security will be not less than the gross annual interest on the Stock and all Further Stock then outstanding.

No Further Stock shall be paid up in whole or in part by a capitalisation of reserves or undistributed profits of the Company or be issued by way of collateral security. Any issue of Further Stock shall be constituted by a deed in favour of the Trustee such deed being supplemental to the Trust Deed and in such form as the Trustee shall approve.

6. Valuation of security and withdrawals

- (a) The Company and the Trustee shall each have the right at any time to require a valuation of the whole (with such exceptions (if any) as the Trustee may agree) of the specific security for the purposes of this paragraph 6, provided that the right of the Company and of the Trustee to require a valuation under this paragraph 6 shall not be capable of being exercised more than once (and whether by the Company or by the Trustee) during any accounting reference period of the Company. If a valuation shall be required by the Company or the Trustee for the purposes of this paragraph 6, such requirement may be satisfied insofar as it relates to property by the production to the Trustee within one month of such requirement of a valuation or valuations of the whole of the property within the specific security at the date of such requirement (with such exceptions (if any) as the Trustee may agree) as at a date not more than nine months prior to the date of such requirement (the date of the valuation (the "valuation date") for the purposes of the following provisions of this paragraph 6 being the date of the production to the Trustee of the valuation or valuations aforesaid). The Company shall procure that the net annual income receivable from the specific security as at the date of any such valuation shall be reported on by the Auditors.
- (b) If the aggregate value of the specific security as shown by such valuation exceeds one and two-thirds times the aggregate nominal amount of the Stock and all Further Stock (including any fixed or minimum premiums payable on final repayment) outstanding on the valuation date and the net annual income receivable therefrom at the valuation date is not less than the gross annual interest on the Stock and all Further Stock then outstanding, the Company or (with the consent of the Company) a charging subsidiary may, within six months of the valuation date (or such longer period as the Trustee may approve) but prior to the next valuation used for paragraph 5 above or carried out pursuant to this paragraph 6, withdraw a part or parts of the specific security approved for withdrawal by the Trustee either:—
- (i) upon the Company or (with the consent of the Company) any subsidiary thereof specifically charging in favour of the Trustee and to its satisfaction further property approved by the Trustee and/or short gilts and/or investments representing monies and/or paying monies to the Trustee, in each case as part of the specific security; or
 - (ii) without paying monies or charging other properties, short gilts or investments representing monies; whichever the Company shall elect provided that the specific security remaining immediately after such withdrawal shall have a value at the valuation date (or at such later date as the Trustee may agree) of not less than one and two-thirds times the aggregate nominal amount of the Stock and all Further Stock (including any fixed or minimum premiums payable on final repayment) outstanding on such valuation date and that the net annual income receivable from the specific security remaining immediately after such withdrawal at such valuation date (or at such later date as the Trustee may agree) shall be not less than the gross annual interest on the Stock and all Further Stock then outstanding.
- (c) If the aggregate value of the specific security as shown by such valuation shall be less than one and one-half times the aggregate nominal amount of the Stock and all Further Stock (including any fixed or minimum premiums payable on final repayment) outstanding on the valuation date, such deficiency shall within six months of such valuation date (or such longer period as the Trustee may approve) be made good by the Company or (with the consent of the Company) any subsidiary charging specifically in favour of the Trustee and to its satisfaction as part of the specific security further property approved by the Trustee and/or short gilts and/or investments representing monies and/or paying monies to the Trustee, in each case as part of the specific security, of an aggregate value not less than the amount of the deficiency between the aggregate value of the specific security at such valuation date (or at such later date as the Trustee may approve) and one and one-half times the aggregate nominal amount of the Stock and all Further Stock (including any fixed or minimum premiums payable on final repayment) outstanding on such valuation date.

- (d) If the net annual income receivable from the specific security at the valuation date shall be less than the gross annual interest on the aggregate nominal amount of the Stock and all Further Stock then outstanding, such deficiency shall within six months of such valuation date (or such longer period as the Trustee may approve) be made good by the Company or (with the consent of the Company) any subsidiary charging specifically in favour of the Trustee and to its satisfaction further property approved by the Trustee and/or short gilts and/or investments representing monies and/or paying monies to the Trustee, in each case as part of the specific security, so as to produce immediately after such charge and/or payment net annual income sufficient to make up such deficiency.

7. Substitution of security

The Company or (with the consent of the Company) a charging subsidiary may withdraw all or any part of the specific security upon the Company or (with the consent of the Company) any subsidiary thereof specifically charging in favour of the Trustee and to its satisfaction other property approved by the Trustee and/or short gilts and/or investments representing monies and/or paying monies to the Trustee in each case as part of the specific security, provided that the Trustee is satisfied that:—

- (a) the value or amount of the property and/or short gilts and/or investments representing monies and/or monies to be substituted is at least equal to the value or amount of the specific security or the part thereof being withdrawn; and
- (b) either (i) following such substitution the net annual income receivable from the specific security will be not less than the gross annual interest on the Stock and all Further Stock then outstanding or (ii) the net annual income receivable from the property and/or short gilts and/or investments representing monies and/or monies to be substituted is at least equal to the net annual income receivable from the specific security or part thereof being withdrawn, whichever the Company shall elect.

Any excess in the value or amount of the property and/or monies and/or short gilts and/or investments representing monies substituted and/or the net annual income receivable therefrom over the value or amount of or the net annual income receivable from the specific security or part thereof withdrawn shall be taken into account in any subsequent substitution prior to the next valuation used for the purposes of paragraph 6 above.

8. Restrictions

Without the previous written consent of the Trustee:—

- (a) no part of the equity of redemption of the specific security shall be disposed of except to a charging subsidiary or to the Company, or except by way of charge; and
- (b) the Company shall not permit any company which is for the time being a charging subsidiary to cease to be a subsidiary of the Company.

9. Leasing

The Company and any charging subsidiary will be entitled without the consent of the Trustee to exercise the statutory powers of leasing and ancillary powers in relation to the property comprised in the specific security:—

- (a) for terms not exceeding 42 years;
- (b) without taking a fine or premium;
- (c) at a rack rent; and
- (d) with provision for upward only rent reviews to full rack rent at intervals which in the Company's opinion accord with the market conditions at the time of such exercise.

10. Insurance

The Trust Deed will contain normal insurance covenants. Amounts aggregating less than £100,000 in respect of any one claim may be released to the Company or any relevant charging subsidiary.

11. Modification of rights

Stockholders will have power by extraordinary resolution, as defined in the Trust Deed, inter alia, to sanction any modification, compromise, abrogation or arrangement in respect of their rights against the Company or the charging subsidiaries and to assent to any modification or abrogation of the provisions of

the Trust Deed. The Trustee may from time to time and at any time, provided that in its opinion the interests of the Stockholders will not be materially prejudiced thereby, waive or authorise, on such terms and subject to such conditions as shall seem expedient to the Trustee, any breach or proposed breach of any of the provisions of the Trust Deed but without prejudice to the rights of the Trustee in respect of any subsequent breach. The Trustee may at any time and from time to time without the sanction of an extraordinary resolution of the Stockholders concur with the Company and the charging subsidiaries in making any modification to the provisions of the Trust Deed which in the opinion of the Trustee will not be materially prejudicial to the interests of Stockholders or which is to correct a manifest error or omission. Provision is made for convening separate meetings of the holders of different classes of Stock and Further Stock in certain circumstances.

12. Form of Stock and transfer

The New Stock will be registered and transferable in integral multiples of £1 nominal and may be transferred in writing in any form permitted by the Stock Transfer Act 1963 or in any other form approved by the Company and the Trustee. The instrument of transfer shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of such New Stock until the name of the transferee is entered in the Register in respect thereof.

13. Indemnification and consents

The Trust Deed will contain provisions for indemnifying the Trustee and for relieving the Trustee from certain responsibilities. Any consent which may be given by the Trustee may be given upon such conditions (if any) as it thinks fit.

14. Contracts with the Trustee

Notwithstanding its fiduciary position, the Trustee may enter into any contract or other transaction with the Company or any subsidiary of the Company or in connection with any part of the specific security and any such transactions may include purchases by the Trustee of any part of the specific security and other dealings therewith and the Trustee may exercise its discretion as trustee with regard thereto notwithstanding its interest.

15. Replacement of the Trustee

The statutory power of appointing a new trustee will be vested in the Company but, before being appointed, a new trustee must be approved by an extraordinary resolution of the Stockholders.

16. Listing

The Company will use all reasonable endeavours to obtain a listing for the New Stock on the London Stock Exchange and, so long as any of the Stock remains outstanding, maintain a listing for the Stock on the London Stock Exchange.

17. Notices

All notices to holders of the New Stock given prior to 19th June, 1992 will be valid if dispatched by post to each original allottee of the New Stock at the address thereof notified to the Company (or, in the case of joint allottees, at the address of the allottee first named in the application) and all notices to holders of New Stock given on or after 19th June, 1992 will be valid if dispatched by post to each holder of the New Stock at his registered address (or, in the case of joint holders, to the address of the holder whose name stands first in the Register in respect of the joint holding). Any such notice will, if posted by first class post, be deemed to have been given on the day following the date of such dispatch or, if posted by second class post, on the third day following the date of such dispatch.

18. Validity of claims

The Trust Deed does not specify any time limit on the validity of claims against the Company with respect to interest or repayment of principal and so normal limitation periods will apply.

19. Governing Law

The Trust Deed is governed by English law.

Part 3

Valuation Certificate

The Valuation Certificate received from Debenham, Tewson & Chinnocks Limited, Surveyors and Valuers is reproduced below.

"The Directors,
A. & J. Mucklow Group plc,
Haden Cross,
Halesowen Road,
Cradley Heath,
Warley,
West Midlands B64 7JB

3-5 Swallow Place,
London W1A 4NA

The Directors,
S.G. Warburg Securities,
1 Finsbury Avenue,
London EC2M 2PA

The Directors,
The Law Debenture Trust Corporation p.l.c.,
(as Trustee for the holders of the Stock)
Princes House,
95 Gresham Street,
London EC2V 7LY

16th April, 1992

Gentlemen,

In accordance with the instructions of A. & J. Mucklow Group plc (the "Company") we have considered the properties of A. & J. Mucklow (Properties) Limited, a subsidiary of the Company (together the "Group") as shown below. Our inspections and valuations are as at 1st March, 1992, except for 14/15 Frederick Road, Edgbaston and 16 St. John's Church Street, Bromsgrove, which were valued as at 13th April, 1992.

On the basis of further updating information provided to us by the Company and its advisers and in the light of current market conditions, we are satisfied that the aggregate of the open market values of the properties valued as at 1st March, 1992 and the estimated current net annual rents receivable (before tax) therefrom have not reduced since 1st March, 1992.

Our valuations are on the basis of open market value in accordance with the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors. In this context, we have not applied any premium to the aggregate values of the properties which may be applicable to a valuation of the portfolio as a whole.

All properties have been inspected and relevant enquiries made as we deemed necessary. The Group has provided relevant information as to title, leases, tenure and certain site and floor areas, and we have relied upon this information. Direct measurements have been taken on site or scaled from plans where appropriate. We have assumed that the properties are free from encumbrances, restrictions or other outgoings of an onerous nature which would affect the value, other than those which have been indicated to us. We confirm that in arriving at our valuation we have had due regard to the contents of the draft certificates as to title and certificates as to leases in respect of the properties produced by the Company's solicitors. We have not seen original planning consents and have assumed that the properties have been erected, and are being occupied and used, in accordance with such consents and that there are no outstanding statutory notices.

No account has been taken of any expenses of realisation or taxation which might arise on a disposal, nor has any account been taken of any mortgages or charges on the properties.

We have reflected in our valuations where appropriate any defects or site problems noted during our inspections, but have not carried out any structural surveys, or tested services or site conditions. It has also been assumed that none of the properties is adversely affected by the use of deleterious construction techniques or materials.

We are of the opinion that the open market value of these commercial and industrial investments, subject to the leases as shown and the comments contained herein, is the sum of £101,265,000 (one hundred and one million two hundred and sixty five thousand pounds).

The individual properties are described below:—

Property	Description, age and tenure	Terms of main tenancies	Estimated current net annual rents receivable £	Open market value in existing state £
(a) Office properties				
1. Dukes Gate, Chiswick, London	Located north of Chiswick High Road (the A315), opposite Chiswick Park underground station. Completed in 1988, comprising six self-contained three storey offices, surrounding a courtyard with car parking. Office sizes are 2,229 to 4,755 sq. ft. Total area 17,998 sq. ft. Freehold.	Fully let on six 25 year leases commencing 29/09/88 to 15/05/89 on full repairing and insuring terms with five yearly upward only reviews. Three of the offices are let to Barnard Marcus.	345,301	4,950,000
2. The Cloisters, 11/12 George Road, Edgbaston, Birmingham	Located two miles from the city centre in a prime office area. Completed in 1987, comprising a two storey office building, surrounding a courtyard with landscaping and car parking. Total area 18,595 sq. ft. Leasehold for 125 years from 25/03/86 at £400 per annum subject to increases of £400 per annum every 10th year.	Fully let to Apricot Computers for 24 years commencing 29/09/87 on full repairing and insuring terms with three yearly upward only reviews.	328,600	3,560,000
3. 36/38 George Road, Edgbaston, Birmingham	Located two miles from the city centre in a prime office area. Completed in 1990, comprising three detached office buildings, surrounding a landscaped courtyard, with car parking. Nos. 36 and 37 are refurbished period properties each of 1,814 sq. ft. No. 38 comprises a new two storey office building of 8,234 sq. ft. Total area 11,862 sq. ft. Underleasehold for 125 years from 29/09/88 at £300 per annum subject to increases of £100 per annum every 10th year.	Fully let on a 25 year lease commencing 29/09/90 with five yearly upward only reviews, a 24 year lease commencing 25/12/90 with four yearly upward only reviews and an agreement to lease for 24 years commencing 29/09/91 with four yearly upward only reviews. All three tenancies are on full repairing and insuring terms. No. 38 is let to the Secretary of State for the Environment.	208,438	2,260,000
4. Blocks K & L, Pynes Hill Office Village, Exeter	Located two miles east of the town centre in an established office area, close to junction 30 of the M5 motorway. Completed in 1991, comprising two detached two storey office buildings, fully landscaped with car parking. Office sizes are 5,000 and 13,850 sq. ft. Total area 18,950 sq. ft. Freehold.	Fully let on two leases to the Secretary of State for the Environment for 24 years commencing 25/03/91 on full repairing and insuring terms with four yearly upward only reviews.	232,500	2,650,000

Property	Description, age and tenure	Terms of main tenancies	Estimated current net annual rents receivable £	Open market value in existing state £
5. Mercur House, St. George's Business Centre, Weybridge, Surrey	Located half a mile south of the town centre, adjacent to St. George's Hill and close to the Esher bypass (the A3) and junction 10 of the M25 motorway. Completed in 1988, comprising a two storey office building, with car parking and landscaped surroundings. Total area 11,164 sq. ft. Freehold.	Fully let to Mercuri International (UK) Ltd for 25 years from 24/10/88 on full repairing and insuring terms with five yearly upward only reviews.	251,190	2,700,000
6. Castle Bridge Office Village, Castle Bridge Marina, Nottingham	Located one mile south west of the city centre. Completed in 1990/1991, comprising four detached two storey office buildings, providing 16 self-contained office units, fully landscaped with car parking. Office sizes are from 1,312 to 10,074 sq. ft. Total area 43,471 sq. ft. Freehold.	11 units let on eight leases for 25 years, commencing 25/12/90 to 29/09/91 on full repairing and insuring terms with five yearly upward only reviews. The remaining five units (7,982 sq. ft. in total) have a rental guarantee from Wilson Bowden plc until let, or for a period of 25 years from 12/12/91. Tenants include Hill Samuel, Abbey Life, Kidsons Impey, Friends Provident and Acuma. Acuma occupies three units with an option to determine in March 1996 on the expiry of the 5th year of the lease.	488,000	5,150,000
7. 14/15 Frederick Road, Edgbaston, Birmingham	Located two miles from the city centre in a prime office area. Completed in 1988, comprising two refurbished period office buildings and a new two storey office building, fully landscaped with car parking. Total area 10,157 sq. ft. Leasehold for 125 years from 29/09/88 at £300 per annum subject to increases of £150 per annum every 10th year.	Fully let to the Secretary of State for Health for 25 years commencing 08/04/92 on full repairing and insuring terms with five yearly upward only reviews. The tenant has an option to determine on the expiry of the 10th year of the lease.	178,600	1,930,000
8. 16 St. John's Church Street, Bromsgrove, Worcestershire	Located close to the town centre in a conservation area. Completed in 1991, comprising a three storey office building with car parking and landscaped surroundings. Office sizes are 5,965 and 6,155 sq. ft. Total area 12,120 sq. ft. Freehold.	Fully let on two 25 year leases commencing 29/09/91 on full repairing and insuring terms with five yearly upward only reviews. The tenants are Pearl Assurance and National Westminster Bank.	184,685	2,000,000
(b) Industrial and warehouse properties				
9. Forward Park, Bagor Street, Birmingham	Located one mile north of the city centre at the start of the Aston Expressway. Completed in 1987, comprising an industrial estate of contemporary design providing three single storey detached units, landscaped with car parking. Unit sizes are 8,085 to 26,212 sq. ft. Total area 54,872 sq. ft. Freehold.	Fully let on three 25 year leases commencing 29/09/87 to 29/09/88 on full repairing and insuring terms with five yearly upward only reviews. Tenants include Dollond & Aitchison and British Telecom Cellular Radio.	191,198	2,650,000

Property	Description, age and tenure	Terms of main tenancies	Estimated current net annual rents receivable £	Open market value in existing state £
10. Monkton Park, Epsom, Surrey	Located north east of the town centre, close to the A31. Completed in 1989, comprising an industrial estate of five units in four single storey blocks, landscaped with car parking. Unit sizes are 6,587 to 8,718 sq. ft. Total area 40,163 sq. ft. Leasehold for 125 years from 25/12/88 at a peppercorn rent.	Three units let on 25 year leases commencing 25/12/88 to 25/03/89 on full repairing and insuring terms with five yearly upward only reviews. Two units are vacant.	145,189	2,750,000
11. Bull Ring Trading Estate, Deritend, Birmingham	Located one mile south east of the city centre on the A34. Completed in 1985, comprising an industrial estate of two blocks providing seven single storey units with car parking. Unit sizes are 5,425 to 33,180 sq. ft. Total area 67,280 sq. ft. Freehold.	Fully let on five 25 year leases commencing 25/12/84 to 24/06/88 on full repairing and insuring terms with five yearly upward only reviews. Peugeot Talbot occupies 44,030 sq. ft. on two leases. Mekom Computer Products occupies two units (10,850 sq. ft.) on one lease with an option to determine at the end of the 10th, 15th and 20th years of the lease.	271,559	3,155,000
12. St. Andrews Trading Estate, Bordesley, Birmingham	Located one and a half miles from the city centre close to the inner and middle ring roads and the A38(M) motorway. Completed in 1985, comprising a small industrial estate of one block of three units. Unit sizes are 6,780 and 16,145 sq. ft. Total area 29,705 sq. ft. Freehold.	Fully let on two 25 year leases commencing 24/06/85 and 01/11/86 on full repairing and insuring terms with five yearly upward only reviews.	127,300	1,245,000
13. Prospector Way, Malesowen, West Midlands	Located one and a half miles north of the town centre on the A458. Completed in 1986, comprising a purpose built single storey retail warehouse with large car park. Total area 32,000 sq. ft. Freehold.	Fully let to W. H. Smith Do It All on a 25 year lease commencing 29/09/86 on full repairing and insuring terms with five yearly upward only reviews.	224,000	2,250,000
14. Kelvin Way Trading Estate, West Bromwich, West Midlands	Located on the A4182 between West Bromwich and Oldbury, close to junction 1 of the M5 motorway. Completed in 1980, comprising a large traditional industrial estate of four single storey blocks, part new, part re-built, providing 49 units. Unit sizes are 1,800 to 16,275 sq. ft. Total area 280,202 sq. ft. Freehold.	41 units let on 36 separate leases commencing 24/06/80 to 25/12/91 on full repairing and insuring terms with three to five yearly upward only reviews. 18 of the leases are for periods of 10 to 25 years. Four leases have a term of nine years. The remaining 14 leases have terms of six years or less. Two units are let on periodic tenancies and six are vacant. Tenants include Bass Leisure, BBA Group and Visionhire.	847,432	9,270,000

Property	Description, age and tenure	Terms of main tenancies	Estimated current net annual rents receivable £	Open market value in existing state £
15. Redkirk Close Trading Estate, Horsham, Sussex	Located to the north of the town centre in an established industrial-commercial area. Completed in 1988, comprising two single storey industrial units of contemporary design. Total area 30,194 sq. ft. Freehold.	Fully let to Peter Hightons Holdings on a 25 year lease commencing 25/03/88 on full repairing and insuring terms with five yearly upward only reviews.	158,515	2,090,000
16. Coleshill Trading Estate, Coleshill, Birmingham	Located east of Birmingham, close to the M42/M6 motorways in an established industrial area. Completed between 1967 and 1970, comprising 66 single storey industrial units in 14 blocks. Unit sizes are from 2,250 to 15,030 sq. ft. Total area 240,145 sq. ft. Freehold.	62 units let on 52 separate leases commencing 10/11/70 to 24/06/91 on full repairing and insuring terms with three to five yearly upward only reviews. 43 of the leases have terms of between 15 and 24 years. Nine leases are for 12 year, or less. Four units are vacant. Tenants include Newman Tonks and Motorola.	702,108	7,400,000
17. Bordesley Trading Estate, Bordesley, Birmingham	Located two miles east of the city centre, in a mixed industrial and residential area. Completed between 1982 and 1984, comprising an industrial estate of seven single storey blocks providing 31 units, landscaped with car parking. Unit sizes are 1,399 to 2,433 sq. ft. Total area 67,729 sq. ft. Freehold.	22 units let on 21 separate leases with three, six and nine year terms commencing 29/09/82 to 29/09/91 on full repairing and insuring terms with three yearly upward only reviews. One unit is let on a periodic tenancy. Eight units are vacant. Five leases have expired with renewals under negotiation.	208,843	2,600,000
18. Duddeston Mill Trading Estate, Saltley, Birmingham	Located one and a half miles east of the city centre. Completed in 1977, comprising a traditional industrial estate in four single storey blocks providing 17 units. Unit sizes are 5,250 to 24,750 sq. ft. Total area 130,500 sq. ft. Freehold.	14 units let on 11 separate leases commencing 25/12/77 to 24/08/89 on full repairing and insuring terms with five yearly upward only reviews. Seven of the leases have terms of 25 years, two leases are for periods of 10 and 15 years, and two leases have expired with renewals under negotiation. Three units are vacant. Tenants include Croda.	319,210	3,800,000
19. Crompton Fields, Crawley, Sussex	Located two miles west of the M23 motorway in an established industrial area. Completed in 1988/89, comprising seven single storey industrial buildings in four blocks, with two storey offices, fully landscaped with car parking. Unit sizes are 8,500 to 63,550 sq. ft. Total area 160,550 sq. ft. Freehold.	Six units let on six 25 year leases commencing 25/03/88 to 25/03/90 on full repairing and insuring terms with five yearly upward only reviews. One unit is vacant. Tenants include Metal Box, Duracell and Brown & Tawse.	850,104	11,755,000

Property	Description, age and tenure	Terms of main tenancies	Estimated current net annual rents receivable £	Open market value in existing state £
20. Parkside, Station Lane, Witney, Oxfordshire	Located south of the town centre next to the A40 southern bypass. Completed in 1988/89, comprising four single storey industrial units in two blocks, with two storey offices, fully landscaped with car parking. Unit sizes are 4,850 to 21,000 sq. ft. Total area 35,550 sq. ft. Freehold.	Fully let on three leases, two for a period of 25 years and one for 20 years, commencing 25/12/88 to 24/06/89 on full repairing and insuring terms with five yearly upward only reviews. Tenants include the Post Office.	173,750	2,300,000
21. Triton Park, Brownsover Road, Rugby	Located north of the town centre, two miles south of the M6 motorway in an established industrial area. Completed in 1990, comprising nine single storey industrial units in three blocks, with two storey offices, fully landscaped with car parking. Unit sizes are 5,505 to 10,990 sq. ft. Total area 77,740 sq. ft. Freehold.	Four units let on four 25 year leases commencing 29/09/90 to 24/06/91 on full repairing and insuring terms with five yearly upward only reviews. Five units are vacant. Tenants include Bowthorpe.	147,279	3,700,000
22. Shenstone Trading Estate, Halesowen, West Midlands	Located one mile from the town centre on the A459 Bromsgrove Road. Completed in 1977, comprising a traditional industrial estate of five blocks providing 25 single storey units. Unit sizes are 1,095 to 21,514 sq. ft. Total area 171,359 sq. ft. Freehold.	22 units let on 20 separate leases commencing 29/09/77 to 29/09/90 on full repairing and insuring terms with three to five yearly upward only reviews. 10 of the leases are for periods of 10 to 25 years, including one lease for 20 years where the tenant has an option to determine on the expiry of the 10th year of the lease. The remaining 10 leases are for periods of nine years or less. Three units are vacant. Tenants include Amari Plastics.	371,202	5,250,000
23. Enterprise Trading Estate, Dudley, West Midlands	Located two and a half miles south west of the town centre on the A4036. Completed in 1981/82, comprising an industrial estate of 11 single storey blocks providing 52 units, landscaped with car parking. Unit sizes are 1,511 to 14,532 sq. ft. Total area 169,694 sq. ft. Freehold.	46 units let on 40 separate leases, commencing 24/06/81 to 25/12/91 on full repairing and insuring terms with three to five yearly upward only reviews. 17 leases are for periods of 10 to 24 years, the remaining 23 leases are for periods of nine years or less. Six units are vacant. Tenants include Dana and Wolseley Hughes.	640,232	6,750,000
24. Mucklow Hill Trading Estate, Halesowen, West Midlands	Located one and a half miles north of the town centre on the A458. Completed between 1973 and 1976, comprising 19 single storey industrial units in three blocks. Unit sizes are 3,196 to 15,280 sq. ft., and a three storey office building of 29,648 sq. ft. Total area 126,683 sq. ft. Freehold.	15 units and the office building let on 13 separate leases commencing 25/03/73 to 25/03/91 on full repairing and insuring terms with three to seven yearly upward only reviews. Eight of the leases are for periods of 21 to 25 years, two leases are for periods of 16 years and three leases are for periods of nine years or less. One unit is let on a periodic tenancy. Three units are vacant. Tenants include Brown & Tawse and Birwelco.	354,530	4,000,000

Property	Description, age and tenure	Terms of main tenancies	Estimated current net annual rents receivable £	Open market value in existing state £
25. Wulfrun Trading Estate, Dunstall Park, Wolverhampton	Located one mile north of the town centre on the A449 Stafford Road. Completed in 1978, comprising an industrial estate of four single storey blocks providing 27 units. Unit sizes are 1,600 to 25,140 sq. ft. Total area 112,097 sq. ft. Freehold.	24 units let on 18 separate leases commencing 29/09/78 to 25/12/90 on full repairing and insuring terms with three to five yearly upward only reviews. Four of the leases are for a term of 25 years, two leases are for a term of 21 years, and one lease is for 16 years. The remaining 11 leases are for periods of six to nine years. One unit is let on a periodic tenancy. Two units are vacant. Tenants include Crown Berger and Britvic.	306,081	3,500,000
26. Bewdley Road, Surchley, Birmingham	Located two and a half miles south of the city centre close to the A441 Pershore Road. Completed in 1972, comprising a purpose built Cash and Carry single storey detached warehouse with large car park. Total area 58,440 sq. ft. Freehold.	Fully let to Booker for 35 years commencing 25/12/72 on full repairing and insuring terms with seven yearly upward only reviews.	109,250	1,600,000
Totals			<u>8,365,096</u>	<u>101,265,000</u>

The above figures for estimated current net annual rents receivable include our opinion of rental value in cases where there are outstanding rent reviews.

This Valuation Certificate has been prepared for the use of the parties to whom it is addressed, their respective professional advisers and for the purposes of the issue of the New Stock. No responsibility to any third party is accepted for the whole or any part of its contents, other than in connection with the issue of the New Stock.

Yours faithfully,

For and on behalf of

DEBENHAM, TEWSON & CHINNOCKS LIMITED

C. J. Monk

Director"

Part 4

Other information relating to the issue

1. Yield

The gross redemption yield of the New Stock at the issue price of £ 104.319 per cent. is 10.981 per cent. per annum.

The gross redemption yield is calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, page 18.

2. Proceeds of the issue

The proceeds of the issue, which (after deduction of expenses payable by the Company estimated at approximately £410,000, excluding value added tax) are estimated to amount to approximately £ 30.9 million, will be used to repay secured variable rate borrowings and will be available to fund further property acquisitions and developments.

3. Stock covers, net tangible assets and profits

(a) Capital cover

The value of the properties listed in the Valuation Certificate amounts in aggregate to £101,265,000, equal to 1.69 times the nominal amount of the Stock. Those properties listed in the Valuation Certificate and which were also part of the Group's portfolio at the last balance sheet date as at 30th June, 1991 (which should not be taken as a representative sample of the Group's overall portfolio) have been valued by Debenham, Tewson & Chinnocks Limited as at 1st March, 1992 in aggregate at about 2.4 per cent. less than the values included in the Company's last audited balance sheet, largely reflecting an increase in vacant space.

(b) Income cover

The estimated current net annual rents receivable from the properties listed in the Valuation Certificate amount to £8,365,096, which is equivalent to 1.21 times the gross annual interest on the Stock. The net annual income as defined in the Trust Deed, which excludes rental value increases in cases where there are outstanding rent reviews, amounts to £8,109,358 on the same properties.

(c) Net tangible assets and profits

The consolidated net tangible assets of the Group as shown by the audited consolidated accounts at 30th June, 1991 amounted to £155,184,000.

For the year ended 30th June, 1991, the audited consolidated profit before interest payable and taxation of the Group amounted to £14,895,000 and interest payable to £4,124,000.

Part 5

Interim results for the six months ended 31st December, 1991

The Chairman's comments and interim results extracted from the interim statement of the Group for the six months to 31st December, 1991, which was issued on 9th March, 1992, are reproduced below:—

"Chairman's comments

Interim results

I am pleased to report that the Group's pre-tax profit for the half year to 31st December, 1991 amounted to £5.338 million against £5.295 million in the first half of last year.

The industrial and commercial property market remains weak. However, in my statement accompanying the last annual Report and Accounts, I said that the strong financial position of the Group should enable us to take advantage of opportunities which may arise in the current depressed state of the property market. I am pleased to inform you we have recently acquired three new well let investment properties; these are at Nottingham (an office village of 43,000 sq. ft.), Exeter (19,000 sq. ft. offices) and Weybridge, Surrey (11,000 sq. ft. offices). The total cost of these properties was £10.0 million and they produce an initial annual rental income of £0.97 million.

The Group's programme of controlled expansion is proceeding well. The new industrial buildings at Wednesbury (62,000 sq. ft. pre-let) and Tipton (20,000 sq. ft. first phase) are now nearing completion. In addition, work is continuing on the redevelopment of 250,000 sq. ft. on the Saltley Trading Estate. Later this year work will commence on the first phase of approximately 23,000 sq. ft. of campus style offices on our Bristol Road, Edgbaston office development.

The Group's house building activity is still depressed and sales in the half year were disappointing.

Dividend

The Board has declared an interim dividend of 2.822p. As in the case of last year's interim dividend this represents one-half of the total dividend paid in respect of the previous financial year. The interim dividend will be paid on 1st July, 1992 to shareholders on the register at 21st May, 1992.

Prospects

The recession continues and in the half year under review there has been a further increase in the level of vacant space in our industrial portfolio. Against this background, we still anticipate a satisfactory outcome for the current financial year. The Board intends to continue its policy of selective expansion by the acquisition of suitable investment properties on attractive terms.

Albert J. Mucklow
Chairman

9th March, 1992

Interim unaudited statement for the six months to 31st December, 1991

							Unaudited six months to		Year to
							31st December,	31st December,	30th June,
							1991	1990	1991
							£'000	£'000	£'000
Gross rents	..	..	..	..	..	..	7,631	7,123	14,237
Property outgoings	..	..	..	..	..	..	(300)	(197)	(491)
Rental income	..	..	..	..	..	..	7,331	6,926	13,746
Turnover	..	..	..	..	..	..	1,038	1,787	3,498
Cost of sales	..	..	..	..	..	..	(607)	(948)	(2,238)
Trading profit	..	..	..	..	..	..	431	839	1,260
Investment income	..	..	..	..	..	..	701	721	1,449
							8,463	8,486	16,455
Administration expenses	..	..	..	..	..	..	(863)	(773)	(1,560)
Interest payable	..	..	..	..	..	..	(2,262)	(2,418)	(4,124)
Profit on ordinary activities before taxation	..					..	5,338	5,295	10,771
Taxation	..	..	..	..	..	..	(1,601)	(1,326)	(2,525)
Profit on ordinary activities after taxation									
before extraordinary profit	..	..	..	..	..	..	3,737	3,969	8,246
Extraordinary profit	..	..	..	..	..	..	—	—	10,546
Profit for the period	..	..	..	..	..	..	3,737	3,969	18,792
Dividends									
Preference	..	..	..	..	..	..	17	17	33
Ordinary	..	..	..	..	..	..	2,755	2,504	5,510
Earnings per share (p)	..	..	..	..	..	..	3.81	3.78	8.11
Dividend per share (p)	..	..	..	..	..	..	2.822	2.565	5.643

The figures for the year to 30th June, 1991 have been taken from the full Group accounts for that period on which an unqualified report was made by the Group's auditors and which have been delivered to the Registrar of Companies."

Part 6

Taxation

The statements below are based on current law and practice in the United Kingdom. They are general in nature, apply only to persons who are the beneficial owners of New Stock and may not apply to certain classes of taxpayer (such as dealers). Persons who may be subject to tax in other jurisdictions or who are in any doubt as to their tax position should consult their professional advisers.

1. Stamp duty and stamp duty reserve tax

No stamp duty, stamp duty reserve tax or similar tax or duty is imposed in the United Kingdom on the issue, transfer or redemption of the New Stock.

2. Income tax on interest payments

- (a) Payments of interest on the New Stock will be made under deduction of United Kingdom income tax at the basic rate in force at the time of payment unless the Company has previously been directed by the Inland Revenue, in relation to a particular holding of the New Stock, to make payment free of such deduction or subject to reduced deduction by virtue of relief available to the holder of such New Stock under the provisions of an applicable double taxation treaty. Such directions will only be issued on prior application to the Commissioners of Inland Revenue by the Stockholder in question.
- (b) Notwithstanding that interest is received subject to a basic rate income tax deduction, holders of the New Stock who are resident in the United Kingdom for tax purposes or, whilst non-resident, are carrying on a trade in the United Kingdom through a branch or agency, may, depending on the circumstances, be liable to pay further United Kingdom tax on the interest received. Residents of the United Kingdom and certain other persons may, depending on their circumstances, be entitled to a refund of tax deducted at source.
- (c) The Company will not "gross up" payments of interest to compensate for any withholding that it is, or hereafter may be, required to make.

3. Capital gains

The Company has been advised that the New Stock will constitute "qualifying corporate bonds". As such, the disposal by any person of any New Stock will not give rise to a chargeable gain nor (generally) an allowable loss for the purposes of United Kingdom taxation on capital gains. However, certain losses (arising in limited circumstances and where the value of the Stock has become negligible or all or part of the outstanding principal amount of the Stock has become irrecoverable after its redemption date) may be allowable losses depending on the circumstances of the holder and how the proceeds of the issue were used by the Company.

Part 7

General information

1. The Company is the holding company for a group involved principally in investment in, and development of, industrial and commercial property.

2. Under a placing agreement dated 16th April, 1992 between the Company and S.G. Warburg Securities, 1 Finsbury Avenue, London EC2M 2PA, S.G. Warburg Securities has agreed, subject, inter alia, to the admission of the New Stock to the Official List by the London Stock Exchange no later than 21st April, 1992 to subscribe or procure subscribers for the New Stock for a commission of $\frac{5}{8}$ per cent. of the nominal amount of the New Stock.

3. The New Stock will be payable in full on 24th April, 1992. Renounceable Allotment Letters will be sent to places on 24th April, 1992 and will be renounceable until 22nd May, 1992. Each Renounceable Allotment Letter will, when fully paid in accordance with its terms, represent the right of the person(s) named therein to become registered as the holder(s) of the New Stock comprised in such Renounceable Allotment Letter. A transfer of such right can be made by renunciation of the Renounceable Allotment Letter or, in the case of a renouncee, by delivery thereof to the transferee, subject to the requirement to register the renunciation. Once renounced by the person originally entitled thereto, a Renounceable Allotment Letter will become a negotiable bearer document.

Renounceable Allotment Letters may be split until 20th May, 1992 in accordance with the instructions contained therein. After 22nd May, 1992, the New Stock will be transferable only by an instrument of transfer and the Renounceable Allotment Letters will cease to be valid for any purpose after 19th June, 1992.

Certificates in respect of the New Stock are expected to be despatched by post on 19th June, 1992 at the risk of the persons entitled thereto, after which the New Stock will be a registered security.

The Renounceable Allotment Letters will contain full details concerning payment, renunciation, splitting and consolidation.

4. The Directors of the Company and their functions are as follows:—

Albert J. Mucklow A.C.I.S.	Chairman
Trevor Mucklow	Non-Executive Director
Allan J. Mucklow	Non-Executive Director
Peter M. Petherbridge	Non-Executive Director
G. Clive Evans	Executive Director

Mr. Petherbridge is the sole principal of P. M. Petherbridge & Co., Solicitors of Halesowen to whom fees by way of an annual retainer are paid by the Group.

The business address of the Directors is the Registered Office of the Company at Haden Cross, Halesowen Road, Cradley Heath, Warley, West Midlands B64 7JB.

5. The registrar for the Stock is Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

6. F. E. Sidaway Son & Co., Chartered Accountants and Registered Auditors of Abacus House, 5-6 Long Lane, Market Place, Rowley Regis, Warley, West Midlands B65 0JA have audited the annual accounts of the Company and its subsidiaries for the three years ended 30th June, 1991. All such accounts received an unqualified audit opinion.

7. Save as disclosed in Part 1 above, there has been no material change in the trading or financial position of the Group since 9th March, 1992 (the date of publication of the interim results for the six months ended 31st December, 1991).

8 There are no legal or arbitration proceedings, actual, pending or threatened against any member of the Group which may have, or have had during the period of 12 months prior to the date of this document, a significant effect on the financial position of the Group.

9 Debenham, Tewson & Chinnocks Limited have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of the Valuation Certificate dated 16th April, 1992 and of the references to their name in the form and context in which it appears.

10. The Trustee is The Law Debenture Trust Corporation p.l.c., a trust corporation, whose principal office is at Princes House, 95 Gresham Street, London EC2V 7LY.

11. The Insolvency Act 1986 contains provisions which would enable an administrator (appointed pursuant to an administration order made by the Court), with the consent of the Court to dispose of any property which is subject to security as if it were not subject to such security. However, the Trustee will be entitled under the Trust Deed, upon an application for an administration order being made, to appoint an administrative receiver whose appointment will, under such Act, prevent the Court making an administration order.

12. Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB up to and including 5th May, 1992: —

- (a) the Memorandum and Articles of Association of the Company;
- (b) the published Annual Report and Accounts of the Company for the years ended 30th June, 1990 and 30th June, 1991 and the unaudited interim statement for the six months ended 31st December, 1991;
- (c) the placing agreement, referred to in paragraph 2 above;
- (d) the Principal Trust Deed constituting and securing the Original Stock and a draft (subject to final revision) of the First Supplemental Trust Deed constituting and securing the New Stock or, following its execution, the First Supplemental Trust Deed;
- (e) the Valuation Certificate set out in Part 3 above; and
- (f) the written consent referred to in paragraph 9 above.

15th April, 1992