

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in doubt as to the action you should take, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.**

**If you sell or have sold or otherwise transferred all of your Participating Shares, please forward this document and the accompanying documents (other than the personalised Application Form) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.**

The Directors of the Fund whose names appear on page 5 accept responsibility for the information contained in this document. To the best of the knowledge of 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 omissions likely to affect the import of such information.

This Circular has been issued by the Fund and has been approved by Deutsche Bank, A.G. (London Branch) solely for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (“FSMA”). The Fund is an unregulated collective investment scheme for the purposes of FSMA. As an unregulated scheme, it cannot be marketed in the UK to the general public. This Circular is only intended for (i) existing participants falling within article 18 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “CIS Promotion Order”) or (ii) investment professionals falling within article 14(5) of the CIS Promotion Order or (iii) high net worth companies and other persons falling within article 22(2)(a) to (d) of the CIS Promotion Order or (iv) other persons to whom this Circular could lawfully be distributed and who fall within an exemption in the CIS Promotion Order. Persons specified in (i) to (iv) above who receive this Circular in circumstances which do not amount to an offer to the public within the meaning of Part VI of FSMA are collectively referred to as “relevant persons”. This Circular and the Listing Particulars must not be acted on or relied on by persons who are not relevant persons. Any investment activity to which this Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

The distribution of this Circular and the offering of Participating B Shares in certain jurisdictions may be restricted, and accordingly, persons into whose possession this Circular comes are required to inform themselves about and to observe any such restrictions. Investors should not subscribe for or otherwise acquire any Participating B Shares otherwise than on the basis of the information contained in this Circular, together with the Listing Particulars which have been prepared in connection with the proposed admission to listing of the Participating B Shares, a copy of which are appended to this Circular.

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## **THE GLANMORE PROPERTY FUND LIMITED**

(A company incorporated with limited liability in Guernsey and registered on 8<sup>th</sup> November 1996  
(Registered Number 31660) under the provisions of The Companies (Guernsey) Law 2008 (as amended))

### **Placing and Open Offer of Participating B Shares to raise £95 million**

### **Proposed creation of new class of shares, extension of postponement regime with respect to redemption of shares, adoption of new articles of incorporation and related Notice of an Extraordinary General Meeting**

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**Your attention is drawn to the letter from the Chairman of the Fund in Part I of this Circular, recommending that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.** You should read this Circular in its entirety and consider whether to vote in favour of the Resolution in light of the information contained in this Circular. Shareholders should not rely on the information summarised in this Circular and should read the whole of this Circular in conjunction with the Listing Particulars which are appended to this Circular, including the discussion of certain risks and other factors that should be considered in connection with an investment in the Fund and acquisition of the Participating B Shares, as set out in the “Risk Factors” section of the Listing Particulars, when deciding on what action to take in relation to the Placing and Open Offer and whether or not to purchase Participating B Shares.

**This Circular contains a notice of an Extraordinary General Meeting of the Fund to be held at 11.00 a.m. on 23 June 2009, at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, GY1 2JA as set out in Part VI of this Circular. To be valid, the enclosed form of proxy for use at the EGM must be completed and returned by Shareholders in accordance with the instructions printed on it, to Northern Trust International Fund Administration Services (Guernsey) Limited, the Fund’s Administrator (in their capacity as receiving agent), at P.O. Box 255, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL, as soon as possible and, in any event, so as to arrive not later than 11.00 am on 21 June 2009. Completion and return of the Proxy Form will not preclude Shareholders from attending and voting in person at the meeting should they wish to do so.**

The Participating B Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any securities laws of any state or other jurisdiction of the United States, for offer or sale as part of their distribution and may not be offered or sold in the United States or to U.S. Persons. This Circular is not an offer of securities for sale into the United States.

The Guernsey Financial Services Commission (the “**Commission**”) has authorised the Fund as a “Class B” collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (“**POI Law**”). It must be distinctly understood that in giving this authorisation the Commission does not vouch for the financial soundness or the correctness of any of the statements made or opinions expressed with regard to the Fund. Investors in the Fund are not eligible for the payment of any compensation under the Collective Investment Schemes (Compensation of Investors) Rules 1988 made under the POI Law.

**An Application Form in relation to Participating B Shares for use by Qualifying Shareholders pursuant to the Open Offer is enclosed with this Circular.** In relation to the Open Offer only, applications must be received by or on behalf of the Fund and payment made in full by 5.00 p.m. on 29 July 2009. These Application Forms may *not* be used to subscribe for Participating Shares or any other shares outside the Open Offer Period. The procedure for application and payment under the Open Offer is set out in Part II of this Circular, in Part I of Appendix II of the Listing Particulars and where relevant, in the enclosed Application Form.

#### **NOTE TO SHAREHOLDERS AND INVESTORS RESIDENT IN SOUTH AFRICA**

This Circular and the Listing Particulars is not an invitation to the public to subscribe for, or an offer to the public to purchase, shares in the Fund, as contemplated in the South African Companies Act, 1973, but is issued solely to existing shareholders of the Fund for purposes of giving them information with regard to the Open Offer, and the Open Offer is capable of acceptance only by existing shareholders of the Fund.

#### **NOTE TO SHAREHOLDERS RESIDENT IN ISLE OF MAN**

The Fund is an unregulated collective investment scheme for the purposes of Isle of Man law. Accordingly, the promotion in the Isle of Man of the Shares is restricted by Section 3 of the Collective Investment Schemes Act 2008 and the Shares may only be promoted in the Isle of Man to certain categories of licenceholder under the Financial Services Act 2008, to authorised insurers within the meaning of section 8 of the Insurance Act 2008, or to persons whose ordinary business involves the acquisition and disposal of property of the same kind as the property, or a substantial part of the property, to which the Company relates. Promotion of the Shares may also be made by persons who are ‘permitted persons’ as defined in the Financial Services Act 2008 to those persons to whom unregulated collective investment schemes can be marketed pursuant to the Financial Supervision (Promotion of Unregulated Schemes) (Exemption) Regulations 1992.

The Fund is not subject to approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of the Company’s failure.

The Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Fund or the correctness of any statements made or opinions expressed with regard to it in this Circular.

#### **NOTE TO SHAREHOLDERS RESIDENT IN SINGAPORE**

The Open Offer is only made in Singapore to accredited investors in accordance with section 305 of the Securities and Futures Act of Singapore.

#### **NOTE TO SHAREHOLDERS RESIDENT IN SWITZERLAND**

The Open Offer is only made in Switzerland to Qualified Investors as defined by the Swiss Collective Investment Schemes Act 2006.

#### **Forward Looking Statements**

This Circular includes “forward-looking statements”. All statements other than statements of historical fact included in this Circular, including, without limitation, those regarding the Fund’s financial position, business strategy, plans and objectives of Directors for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and

other factors which may cause the actual results, performance or achievements of the Fund, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Fund's present and future business strategies and the environment in which the Fund will operate in the future including, without limitation, the risk factors described in Part II of this Circular. These forward-looking statements speak only as of the date of this Circular. Except as required by the Class B Rules, the Irish Stock Exchange, or other applicable law or regulation, the Fund expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Circular to reflect any change in the Fund's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Deutsche Bank A.G. (London Branch), which is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and by the Financial Services Authority and is regulated by the FSA for the conduct of UK business, is acting as placement agent for the Fund and no one else in connection with the Placing and Open Offer and Admission, and will not regard any other person (whether or not a recipient of this Circular) as a client in relation to the Placing and Open Offer or Admission, and will not be responsible to anyone other than the Fund for providing the protections afforded to its clients in relation to the Placing and Open Offer or Admission or any matters referred to in this Circular.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change

|  | 2009                  |
|--|-----------------------|
| Record Time for entitlement under the Open Offer .....   | 5.00 p.m. on 22 May   |
| Announcement of the Open Offer; Circular and Listing Particulars published ..  | 27 May                |
| Latest time and date for receipt of Proxy Forms .....  | 11.00 a.m. on 21 June |
| <b>Extraordinary General Meeting of each of the Feeder Funds commencing from</b> .....   | 11.00 a.m. on 22 June |
| <b>Extraordinary General Meeting of the Fund</b> .....   | 11.00 a.m. on 23 June |
| <b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer</b> .....                          | 5.00 p.m. on 29 July  |
| Target NAV Date .....  | 31 July               |
| Announcement of NAV, Issue Price and results of the Open Offer .....   | 11 August             |
| Participating B Shares issued pursuant to the Placing and Open Offer and admitted to the Official List and to trading on the Main Market ..... | 12 August             |
| Dispatch of contract notes showing allocation of Participating B Shares by no later than .....   | 18 August             |

All times referred to in this Circular are times in Guernsey unless otherwise stated.

**PART I**  
**LETTER FROM THE CHAIRMAN**  
**THE GLANMORE PROPERTY FUND LIMITED**

(A company incorporated with limited liability in Guernsey and registered on 8<sup>th</sup> November 1996  
(Registered Number 31660) under the provisions of The Companies (Guernsey) Law 2008 (as amended))

Registered Office: Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

Directors:  
Robert Court  
Leslie Hilton  
Anthony Pickard  
Richard Babbe  
Paul Meader  
Daniel Moylan  
Anthony Wands

27 May 2009

To the holders of Participating Shares

Dear Shareholder,

**Proposed Placing and Open Offer of Participating B Shares to raise £95 million**

**1. Introduction**

On 20 February 2009, the Board announced that it was in discussions with a number of parties on plans to raise further capital for the Fund, and was considering a number of proposals. The Board has today announced its decision to raise a gross amount of £95 million by way of a conditional Placing and Open Offer of new Participating B Shares at a price per Participating B Share which is set at a 50% discount to the Target NAV. The Board is also proposing to adopt a new set of articles of incorporation for the Fund in order to implement the Placing and Open Offer and certain other measures to stabilise the financial position of the Fund in light of the continuing illiquidity and difficult conditions in the UK commercial property market. These other measures include extending the Directors' authority to temporarily postpone redemption requests from the current 12 months to a maximum of 4 years.

To the extent that Qualifying Shareholders do not subscribe in full for £95 million (before fees and expenses) in aggregate of Participating B Shares at the Issue Price under the Open Offer, such shares may be subscribed for by the Placees pursuant to the Placing. Pursuant to the Placing Agreement, Deutsche Bank has agreed to use its reasonable endeavours to seek to procure new investors as Placees for the Participating B Shares (up to the maximum aggregate issue size of £95 million) during the period of the Open Offer (subject always to clawback to satisfy valid applications under the Open Offer). The Placing has not yet commenced, and as at the date of this Circular, no Placees have been procured by Deutsche Bank to subscribe for Participating B Shares.

The purpose of this Circular is to provide you with the background to and reasons for, and key details of, the Placing and Open Offer and to explain the proposed amendments in the new articles of incorporation of the Fund required to implement the Placing and Open Offer and other measures to stabilise the financial position of the Fund. In order to proceed with the Placing and Open Offer and to adopt the new Articles, it will be necessary for Shareholders to pass the Resolution to be proposed at the Extraordinary General Meeting to be held on 23 June 2009. This Circular also explains why the Board considers the Resolution to be in the best interests of the Fund and Shareholders as a whole. The notice convening the EGM is set out in Part VI of this Circular.

Further details of, and terms of, the Placing and Open Offer are set out in Part II of this Circular, and details relating to the Fund, its Portfolio as well as the rights attached to the Participating B Shares are contained in the Listing Particulars (which are appended to this Circular), which Shareholders should read in full in conjunction with this Circular before deciding whether to participate in the Open Offer.

## 2. Background to and reasons for the Placing and Open Offer and adoption of proposed new articles of incorporation

### Key points:

- The Fund has suffered in the current economic and financial environment, which has resulted in a significant drop in property prices.
- Transaction volumes in the first quarter of 2009 are down approximately 75% from their peak in 2007
- The Directors have established a strategy for the Fund over the next three years. There are four key elements to the strategy: re-negotiating the Fund's bank facilities, raising new equity, executing a managed disposal programme and managing the outstanding redemptions with regard to the interests of all shareholders
- The Fund has managed to re-negotiate its bank facilities with RBS, giving it additional headroom under its financial covenants.
- The decline in asset values means the Fund's overall Loan to Value ("LTV") ratio as at 30 April 2009 stands at 77.9%. The LTV ratio covenant under the Fund's existing facilities in respect of (i) the properties against which the revised facility with RBS is secured is 90% (85% in relation to Tranche A and Tranche B) and (ii) the properties against which the facility with Canada Life is secured is 70%.
- **The LTV ratio as at 30 April 2009 in respect of the properties against which the Canada Life Facility is secured is 71.4%. The Fund is therefore in breach of its financial covenants under the Canada Life Facility. The Directors will only proceed with the Placing and Open Offer if (i) not less than £95 million is raised (being an amount which the Directors have determined are sufficient proceeds to bring the Fund back into compliance with its financial covenants under the Canada Life Facility and to give the Fund some headroom under its financial covenants going forward); (ii) the Directors are satisfied that the proceeds of the Placing and Open Offer can be applied to cure the breach and ensure the Fund is in compliance with the Canada Life Facility and that Canada Life no longer has any rights in respect of the existing default under the Canada Life Facility; and (iii) prior to the application of proceeds to cure such breach, Canada Life has not taken enforcement action and accelerated repayment of its facility. Shareholders should note, therefore, that a material proportion of the proceeds of the Placing and Open Offer will be used to reduce the borrowings of the Fund, as outlined in more detail later in this Circular.**
- Given the magnitude of the fall in the value of the properties in the Fund's Portfolio, additional equity is also needed to ensure the overall LTV ratio is reduced so as to put the Fund in a better position to comply with its financial covenants going forward.
- Existing shareholders who do not take up their entitlements under the Open Offer will have the value of their shareholdings diluted by the issue of Participating B Shares at a discount to Net Asset Value, that is, the value of their shareholdings will fall regardless of property values or other movements.
- The current postponement regime for the management of the outstanding redemption requests expires on 24 June and the Board requires additional flexibility in the management of the redemption queue since the Board believes it is not in the interest of Shareholders as a whole to dispose of properties at this point in the property cycle following the significant falls in property values over the last 2 years.
- If you have submitted a redemption request and wish to withdraw it, this can be done by writing to the Administrator at PO Box 255, Trafalgar Court, Les Banques, St Peter Port, GY1 3QL.
- The proceeds of the Placing and Open Offer will be used to reduce the Fund's overall level of bank borrowings and the level of gearing (ensuring that the Fund is brought back into compliance with the Canada Life Facility) and to enable some of the redemption queue to be paid. It is not proposed to use any of the proceeds to purchase additional properties.

As Shareholders are aware, the financial markets have suffered a dislocation since the summer of 2007. Lack of liquidity in the banking sector has reduced the available credit, which together with the consequent recession means that commercial property asset prices have fallen by 37% since their peak in the summer of 2007 to 31 March 2009<sup>1</sup>.

The volume of transactions in UK commercial property has fallen in the first quarter of 2009 to their lowest level since the third quarter of 2000 with only £3.9 billion of deals completed. This compares with over £15 billion of deals completed in the second and third quarter of 2007<sup>2</sup>.

The Board has had to make a number of difficult decisions over this period and has made a number of changes to the Fund and its strategy to enable the Fund to continue to trade through these turbulent conditions, including the imposition of the extended redemption notice period and the current postponement of redemptions.

Given the pressures of a growing redemption queue and the high level of the Fund's LTV ratio, the Board has had to establish a strategy to ensure the Fund has adequate financing in place and to withstand further falls in property values.

There are four elements to the strategy:

- Re-negotiating the Fund's banking facilities to give additional headroom should asset prices continue to fall in the short to medium term;
- Raising new equity to reduce leverage by partially repaying borrowings;
- A managed disposal programme to help reduce the overall level of debt and reduce the LTV ratio to a target level of not more than 65%; and
- To adopt new Articles which include amendments extending the Directors' authority to postpone redemptions so as to provide flexibility in the management of outstanding redemption requests.

Given the uncertainty over the timing of the economic recovery, the Board is of the view that this strategy has a three year time horizon.

### **Principal financing arrangements**

The Fund currently has facility agreements with two banks, RBS and Canada Life. The amounts outstanding under these facilities as at 30 April 2009 were £541,128,000 and £140,900,000 respectively.

The security for the borrowings under both facilities are charges over the assets of the Fund, comprising direct property holdings, shares in subsidiary entities, and its subsidiaries' direct property holdings. Each lender has their own discrete security pool. There are also a number of guarantees between entities within the Fund's group and an inter-creditor deed governing the relationship between the lenders

As the commercial property market deteriorated sharply in 2008 and continues to deteriorate in 2009, the overall LTV ratio of the Fund has risen from 70.8% as at 31 December 2008 to stand at 77.9% as at 30 April 2009. The Board has entered into negotiations with both banks, and has so far been successful in re-negotiating and amending the banking facilities with RBS.

#### *RBS Facility*

The Fund has entered into a second supplemental agreement dated 22 May 2009 with RBS pursuant to which the RBS Facility dated 12 July 2007 has been amended. The revised terms provide the Fund with some additional headroom under its financial covenants and hence, some stability.

The revised facility is split into three tranches:

- Tranche A represents the core debt and is for approximately £358m. The maturity of this tranche is April 2012, although this can be extended for a further two years if certain conditions are satisfied. The interest margin on the loan is dependent upon the LTV ratio of the Fund. A higher LTV ratio will lead to a higher interest rate margin;

<sup>1</sup> Source: Lambert Smith Hampton

<sup>2</sup> Source: Lambert Smith Hampton Quarterly Bulletin

- Tranche B is for approximately £107m and must be repaid within two years, such repayment to come either from the disposal of property or from the proceeds of the equity raising. The margin, which is the same as for Tranche A, increases by 0.5% per annum after the first year;
- Tranche C is for £50m and is designed to be repaid solely from the equity issue. The interest margin on this tranche is 8% per annum, which rises to 15% per annum after 12 months from the date on which the second supplemental agreement becomes effective. Of the interest margin, only 3.25% is payable in cash with the balance being deferred until the final repayment date of 20 April 2012.

The revised facility has a series of financial and other covenants. The key ratios are as follows:

- The total LTV ratio must not exceed 90%;
- The LTV ratio, excluding Tranche C, must not exceed 85%;
- The rent cover to total loan ratio must be in excess of 8%; and
- The gross rent must be at least 140% of the interest costs.

The revised facility also includes a provision imposing a “reasonable endeavours” obligation on the Fund to raise new monies of at least £60 million within a certain time period, the failure of which would trigger an event of default.

Further details of the revised RBS Facility are set out in paragraph 3 of Part VI of this Circular.

#### *Canada Life Facility*

The current Canada Life Facility matures on 29 August 2012. There is a LTV ratio covenant of 70%, which under the current facility reduces to 66% on 29 August 2010, although the proposed amended facility would revise this to 29 August 2011. The net rental income must be at least 135% of the interest cost. The interest rate risk on the Canada Life Facility is not currently hedged.

The LTV ratio as at 30 April 2009 in respect of the properties against which the Canada Life Facility is secured stands at 71.4%. **This is in excess of the LTV ratio covenant of 70% contained in the Canada Life Facility. The Fund is therefore currently in breach of the LTV ratio covenant under the Canada Life Facility.** Canada Life has offered revised terms, that remain subject to contract, which will amend certain terms of the current Canada Life Facility. However, its offer letter does not propose a relaxation of the LTV covenant, and the current breach would persist even under the proposed amended terms.

**While Canada Life has not sought to enforce any of its rights arising from this breach, as at the date of this Circular, it has also not given a formal waiver in respect of that breach. The Fund will therefore remain in breach during the period of the Open Offer (unless and until Canada Life grants a waiver in respect of that breach), and the debt under that facility may, at any time prior to the completion of the Placing and Open Offer and the curing of the breach or the grant of a waiver by Canada Life, be accelerated and become immediately repayable.**

#### **Equity Raising**

The Fund therefore needs to raise a minimum amount of equity to ensure that it is able to remedy the breach under the Canada Life Facility and is put in a better position to comply with the financial covenants under both its banking facilities going forward.

As an open-ended fund with its Shares priced monthly at net asset value, it is very difficult for the Fund to raise new monies in the normal way in a falling market or flat market because potential investors will naturally seek to defer any purchase of Shares until a recovery is more certain.

The Fund is therefore proposing an open offer to existing Shareholders on the register of members as at the Record Time to, as a basic entitlement, subscribe for Participating B Shares at the

Issue Price with an aggregate value in proportion to their existing shareholdings. As it is important that the Fund can access the money it requires now, this issue is priced at a discount to the Net Asset Value prevailing as at 31 July 2009 to enable any shares not taken up by existing Shareholders to be placed with new investors. Existing Shareholders (apart from the Feeder Funds) are being offered the opportunity to subscribe for Participating B Shares in excess of their basic entitlement under the Open Offer under a “mix and match” facility.

Provided that the full £95 million is raised through the Placing and Open Offer, in applying the proceeds in accordance with the manner described in paragraph 4 below, there will be sufficient proceeds to pre-pay some of the outstanding indebtedness under the Canada Life Facility so as to cure the existing breach of the LTV ratio covenant. To ensure that Shareholders or Placees do not find themselves in a position where any monies raised from them pursuant to the Placing and Open Offer are immediately used in their entirety to repay the lending banks in the event that Canada Life takes enforcement action and calls for immediate repayment of the debt prior to the curing of the breach, the Placing and Open Offer is subject to and conditional upon (i) the Fund raising not less than £95 million (before fees and expenses) through the Placing and Open Offer; (ii) the Directors being satisfied that the proceeds of the Placing and Open Offer can be applied to cure the breach so as to ensure the Fund is in compliance with the Canada Life Facility and that Canada Life no longer has any rights in respect of the existing default under the Canada Life Facility; and (iii) prior to the application of such proceeds, Canada Life has not previously taken enforcement action and called upon repayment of the facility.

The Board has given a great deal of thought to the appropriate size of the Placing and Open Offer, given that Qualifying Shareholders who do not take up their entitlements under the Open Offer will be diluted and will have the value of their investments necessarily diminished. The Board has come to a view that proceeds of approximately £95 million (before fees and expenses) are needed to enable the Fund to cure the existing breach under the Canada Life Facility and retain some comfort that it has sufficient headroom to operate within its financial covenants going forward without relying on property disposals in a difficult market (although the Fund will, as described below, continue to seek to dispose of properties on an opportunistic basis). This view is based on a number of underlying assumptions (including a further fall in property prices of approximately 14% from 30 April 2009 to the calendar year end). Although these assumptions are by their nature uncertain, the Board believes the assumptions to be reasonable. As such, to ensure that Shareholders who are unable to, or who do not, take up their entitlements are not diluted excessively, the Board is setting the maximum aggregate issue size of the Placing and Open Offer at £95 million. To the extent that Qualifying Shareholders subscribe to Participating B Shares with an aggregate value in excess of the total issue size of £95 million, the subscriptions will be scaled back accordingly on a *pro rata* basis.

The issue of Participating B Shares pursuant to the Placing and Open Offer at a discount means that regardless of any other movements in the net assets of the Fund, the Net Asset Value per Share will drop. Shareholders can preserve their overall share of the Fund by taking up their entitlements in full, that is, they will hold more Shares at a lower Net Asset Value per Share.

The table below illustrates this dilutive effect.

|  | <u>£95m raised</u> |
|--|--------------------|
| Gross asset value (£) .....                            | 875,425            |
| Shares in issue .....                                  | 7,339              |
| Current NAV per share (£) .....                        | 28.688             |
| Current NAV (£) .....                                  | 210,539            |
| Equity to be raised (£) .....                          | 95,000             |
| Illustrative NAV per share on issue date (£) .....     | 21.5               |
| Discount to illustrative NAV per share .....           | 50%                |
| Issue Price (£) .....                                  | 10.8               |
| No. of new shares issued .....                         | 8,837              |
| Total number of shares post issue .....                | 16,176             |
| NAV on issue date immediately prior to issue (£) ..... | 157,784            |
| Proceeds of issue (£) .....                            | 95,000             |
| NAV post issue (£) .....                               | <u>252,787</u>     |
| NAV per share post issue (£) .....                     | 15.6               |
| Fall in value of holdings if no action taken .....     | 27.3%              |

Shareholders should note, however, that the Board believes that the failure to achieve a successful equity raising is likely to result in an even greater diminution of shareholder value as the Fund will be obligated to commence an accelerated strategy of property disposal when conditions in the property market remain extremely difficult.

### **Extension of postponement of redemptions**

The existing postponement regime for the management of the redemption queue expires on 24 June 2009. Without a further approval from Shareholders to extend the postponement regime, the Fund would have to suspend redemptions and the strict chronological order of the redemption queue would be lost.

The suspension of redemptions would give the Board a finite period during which to realise assets to meet redemptions as well as reducing bank debt. Given the prospects for the economic environment and commercial property market, the Board does not believe this to be in the best interests of Shareholders. The suspension of redemptions would also prevent the Fund from paying out redemptions on a piecemeal basis.

The current postponement regime provides flexibility and accordingly a resolution is being put to the Shareholders to adopt new Articles which include a provision to extend the postponement period in relation to redemption of Shares for up to 4 years. The Board's intention is to meet all redemption requests as soon as possible, but needs flexibility in managing the outstanding redemptions.

The new Participating B Shares being issued cannot be redeemed for three years from the date of issue, except under a compulsory redemption, to ensure any new investors cannot be paid out ahead of existing Shareholders who have made redemption requests.

The Net Asset Value per Share has fallen significantly since the time the majority of redemption requests were made and the amount which a Shareholder might realise compared to the amount he might have expected to receive when the redemption request was made will be significantly less. Accordingly, if you have submitted a request and no longer wish to exit the Fund at this point in the property market cycle, you have the ability under the Articles to withdraw the redemption request by notifying the Administrator in writing.

Participating Shares currently in the redemption queue will also be subject to the effects of dilution set out above.

### **3. Update on current prospects**

#### **Key points:**

- The Fund's portfolio of properties is well diversified both geographically and across different types of commercial property.
- The Fund has a broad mix of tenants and the average maturity of the leases is 8 years.
- However, the macro economic outlook remains uncertain and the length and depth of the current recession will determine the timing of recovery in the commercial property market.

#### *The Fund's property portfolio*

As at 30 April 2009, the Fund's Portfolio has been valued at £875,425,000 (unaudited), as compared to an audited valuation of £994,745,000 as at 31 December 2008. This represents a decline of £119,320,000 or 10.2% of the year end value after adjusting for disposals.

The Fund's Portfolio of 86 properties (as at 30 April 2009) is well diversified both geographically and across different types of commercial property. The following table shows the breakdown of the Portfolio by geography and type of commercial property by value as at 30 April 2009.

**Glanmore Property Fund: 30th April 2009 (unaudited)**

**PROPERTY VALUE**

|               | Office             | Shopping Centre    | Retail Warehouse  | Industrial         | Shops             | Leisure           | Other            | Total              |
|---------------|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|------------------|--------------------|
| South East    | 104,025,000        | 73,455,000         | 17,320,000        | 11,360,000         | 11,645,000        | —                 | —                | 217,805,000        |
| West Midlands | 78,335,000         | 63,175,000         | 32,300,000        | 50,940,000         | —                 | 4,545,000         | —                | 229,295,000        |
| London        | 47,545,000         | —                  | 33,270,000        | —                  | —                 | 3,980,000         | —                | 84,795,000         |
| South West    | 36,600,000         | 24,050,000         | 2,320,000         | 13,480,000         | —                 | —                 | 2,425,000        | 78,875,000         |
| Scotland      | 29,280,000         | 26,560,000         | —                 | 9,225,000          | 12,790,000        | —                 | —                | 77,855,000         |
| North West    | 2,250,000          | —                  | —                 | —                  | 17,130,000        | 14,910,000        | —                | 34,290,000         |
| Wales         | —                  | 29,150,000         | —                 | —                  | —                 | —                 | —                | 29,150,000         |
| Yorks & Humb  | 11,730,000         | —                  | —                 | 14,590,000         | 6,300,000         | —                 | 3,975,000        | 36,595,000         |
| North East    | 40,350,000         | —                  | —                 | —                  | 975,000           | —                 | —                | 41,325,000         |
| East Midlands | 30,230,000         | —                  | 2,710,000         | 6,620,000          | 2,245,000         | 3,635,000         | —                | 45,440,000         |
|               | <u>380,345,000</u> | <u>216,390,000</u> | <u>87,920,000</u> | <u>106,215,000</u> | <u>51,085,000</u> | <u>27,070,000</u> | <u>6,400,000</u> | <u>875,425,000</u> |
|               | 43.4%              | 24.7%              | 10.0%             | 12.1%              | 5.8%              | 3.1%              | 0.7%             | 100.0%             |

|               | Office       | Shopping Centre | Retail Warehouse | Industrial   | Shops       | Leisure     | Other       | Total         |
|---------------|--------------|-----------------|------------------|--------------|-------------|-------------|-------------|---------------|
| South East    | 11.9%        | 8.4%            | 2.0%             | 1.3%         | 1.3%        | 0.0%        | 0.0%        | 24.9%         |
| West Midlands | 8.9%         | 7.2%            | 3.7%             | 5.8%         | 0.0%        | 0.5%        | 0.0%        | 26.2%         |
| London        | 5.4%         | 0.0%            | 3.8%             | 0.0%         | 0.0%        | 0.5%        | 0.0%        | 9.7%          |
| South West    | 4.2%         | 2.7%            | 0.3%             | 1.5%         | 0.0%        | 0.0%        | 0.3%        | 9.0%          |
| Scotland      | 3.3%         | 3.0%            | 0.0%             | 1.1%         | 1.5%        | 0.0%        | 0.0%        | 8.9%          |
| North West    | 0.3%         | 0.0%            | 0.0%             | 0.0%         | 2.0%        | 1.7%        | 0.0%        | 3.9%          |
| Wales         | 0.0%         | 3.3%            | 0.0%             | 0.0%         | 0.0%        | 0.0%        | 0.0%        | 3.3%          |
| Yorks & Humb  | 1.3%         | 0.0%            | 0.0%             | 1.7%         | 0.7%        | 0.0%        | 0.5%        | 4.2%          |
| North East    | 4.6%         | 0.0%            | 0.0%             | 0.0%         | 0.1%        | 0.0%        | 0.0%        | 4.7%          |
| East Midlands | 3.5%         | 0.0%            | 0.3%             | 0.8%         | 0.3%        | 0.4%        | 0.0%        | 5.2%          |
|               | <u>43.4%</u> | <u>24.7%</u>    | <u>10.0%</u>     | <u>12.1%</u> | <u>5.8%</u> | <u>3.1%</u> | <u>0.7%</u> | <u>100.0%</u> |

The Fund does not have a significant exposure to office accommodation in the City of London.

The ten largest properties, by value, as at 30 April 2009 are:

**TOP TEN PROPERTY BY VALUE (unaudited)**

| Property                              | Value              | % of total   | Rent              | % of total    | Rental yield | WALE*       |
|---------------------------------------|--------------------|--------------|-------------------|---------------|--------------|-------------|
| Guildhall Centre                      | 46,700,000         | 5.33%        | 2,914,106         | 4.28%         | 6.24%        | 5.74        |
| Broadway Unit Trust                   | 45,100,000         | 5.15%        | 3,390,346         | 4.97%         | 7.52%        | 6.45        |
| Green Lane Shop Centre,<br>Barnstaple | 35,900,000         | 4.10%        | 2,647,517         | 3.88%         | 7.37%        | 5.15        |
| Beckton                               | 33,270,000         | 3.80%        | 1,522,227         | 2.23%         | 4.58%        | 10.87       |
| Birmingham, Ravenside                 | 32,300,000         | 3.69%        | 2,377,654         | 3.49%         | 7.36%        | 8.18        |
| Port Talbot                           | 29,150,000         | 3.33%        | 2,289,107         | 3.36%         | 7.85%        | 6.51        |
| Dunstable                             | 28,175,000         | 3.22%        | 1,905,885         | 2.80%         | 6.76%        | 7.60        |
| Coventry                              | 27,040,000         | 3.09%        | 1,907,000         | 2.80%         | 7.05%        | 9.04        |
| Dumfries 2                            | 26,560,000         | 3.03%        | 1,781,761         | 2.61%         | 6.71%        | 17.63       |
| Perth                                 | 24,880,000         | 2.84%        | 2,393,989         | 3.51%         | 9.62%        | 4.38        |
|                                       | <u>329,075,000</u> | <u>37.6%</u> | <u>23,129,591</u> | <u>33.93%</u> | <u>7.03%</u> | <u>8.21</u> |

\* Weighted average lease expiry

### Tenant profile

The largest tenants by size of rent receivable (as a percentage of the total rent receivable in respect of the Fund's total Portfolio) are (as at 30 April 2009):

#### TOP TEN TENANTS (PARENT COMPANY)

|    | <u>Tenants Name</u>                          | <u>Initial rental income</u> | <u>% rental income</u> |
|----|--|------------------------------|------------------------|
| 1  | CGNU/Norwich Union .....                     | 2,393,989                    | 3.51%                  |
| 2  | Travelex Ltd .....                           | 2,010,846                    | 2.95%                  |
| 3  | National Insurance & Guarantee .....         | 2,000,000                    | 2.93%                  |
| 4  | HM Government .....                          | 1,912,604                    | 2.81%                  |
| 5  | Unipart Ltd .....                            | 1,907,000                    | 2.80%                  |
| 6  | Avis Europe Holdings Ltd .....               | 1,525,000                    | 2.24%                  |
| 7  | Mott Macdonald Group .....                   | 1,431,765                    | 2.10%                  |
| 8  | Procter & Gamble Technical Centres Ltd ..... | 1,397,355                    | 2.05%                  |
| 9  | Eddie Stobart Ltd .....                      | 1,350,000                    | 1.98%                  |
| 10 | UOP Processes International Inc .....        | 1,300,000                    | 1.91%                  |
|    |  | <u>17,228,559</u>            | <u>25.28%</u>          |

The level of voids (vacant property) in the Portfolio at 30 April 2009 measured by the estimated rental value ("ERV") of the properties as a percentage of the total ERV of properties in the Portfolio is 4.4%.

As at 30 April 2009, tenants who have entered administration or some other form of insolvency proceedings represented rent payable of £3,649,037, or 4.8% of the total ERV.

The maturity of the leases within the portfolio at 30 April 2009 is:

#### Length of Leases

|                                   |       |
|-----------------------------------|-------|
| Less than 5 years unexpired ..... | 20.7% |
| 5-10 years unexpired .....        | 50.1% |
| Over 10 years unexpired .....     | 29.2% |

#### Asset management opportunities

In the past, the Fund has invested in certain properties not typically favoured by institutional investors to which it has sought to add value, for example, by seeking refurbishment opportunities with respect to those properties. Given the current environment, the opportunities to add value in such a manner are limited and management of the Portfolio will be focused on ensuring the rental stream is maximised and preserved in the short to medium term.

#### Disposal programme

The Fund has on an opportunistic basis disposed of property for £50.51 million in 2009. This was achieved via a mixture of auction sales and sales by private treaty. Further property disposals will be undertaken in a controlled manner, as opportunities arise, to reduce the Fund's leverage.

The Board, advised by the Manager, will continue to seek opportunities to dispose of properties to reduce the overall level of borrowing.

#### Uncertainty as to timing of recovery

The Board believes that recovery in the underlying economy is necessary to stimulate demand for UK commercial property. There is a broad spread of opinion on the speed and strength in the economic recovery. For example, the UK Government is forecasting growth in 2010 of 1.25%<sup>3</sup> whilst the International Monetary Fund is predicting a slower recovery which will lead to a further contraction of

<sup>3</sup> Source: HM Treasury Budget 2009

0.4% in 2010<sup>4</sup>. However, there is a general consensus amongst economic commentators that the UK economy will continue to contract in 2009 and for some period thereafter. Given these uncertainties, the Board believes that any strategy would require a three year horizon to enable the Fund to benefit from the recovery in the UK commercial property market. The Board, as advised by the Manager, is assuming a further fall in property prices of approximately 14% from 30 April 2009 to the calendar year end.

Although, as shown above, the Fund's Portfolio is well diversified, and a substantial proportion of the Portfolio is subject to leases which remain unexpired for between 5-10 years, the Board believes that the current challenging conditions seen across the property market will remain for the foreseeable future.

#### **4. Use of Proceeds**

The Board intends to use up to £60 million of the net proceeds of the Placing and Open Offer to reduce the amounts drawn down under the facilities with its two lending banks, RBS and Canada Life, to be split on a 5:1 basis between the two banks respectively. An amount up to a maximum of £12 million above the first £60 million of the net proceeds will be used to satisfy (in chronological order in which the redemption requests were received), to the extent permitted under the revised RBS Facility, certain redemption requests that have been postponed, in accordance with the Fund's Articles. In accordance with the Articles, the price at which such redemptions will be made will be the latest Net Asset Value prior to the Subscription Day on which the redemptions are actually effected.

Subject to the provisions of the Companies Law, and the satisfaction of the solvency test as required by the Companies Law at the time those dividends are declared by the Board, the Board intends for sufficient amounts (up to a maximum of £4 million of any remaining balance of the net proceeds) to be used for the payment of dividends for the financial year ended 31 December 2009 so as to allow the Fund to maintain its "distributing fund" status, such payment not to be made earlier than 1 March 2010. That amount will be held as cash on deposit in the interim. 75% of the remainder of the balance will be applied towards a further reduction of the Fund's financial indebtedness under its banking facilities with RBS and Canada Life on a 5:1 basis respectively, and 25% may be applied to further satisfy redemption requests in the redemption queue, until such time as the applicable LTV ratio under its banking facilities is less than 65%, and the interest cover ratio is more than 175%, after which the entire remaining balance will be for the benefit of the Fund for its general corporate purposes (including payment of redemptions and acquisition of properties).

#### **5. Summary of the terms of the Placing and Open Offer**

Under the Open Offer, Qualifying Shareholders are being offered the opportunity to subscribe for Participating B Shares at a price equal to the Issue Price (which will represent a 50% discount to the Target NAV) (payable in cash in full on application), in proportion (as far as possible) to their holdings of Participating Shares held and registered in their name as at the Record Time (calculated as a percentage of the total issued share capital of the Fund at that time (excluding Participating Shares held by Shareholders resident in Excluded Territories)). By way of example, based on the maximum aggregate issue size of £95 million, a Shareholder which held 5 per cent. of the Fund's Participating Shares in issue as at the Record Time (excluding Participating Shares held by Shareholders resident in Excluded Territories) has a basic entitlement to subscribe for up to £4.75 million of Participating B Shares at the Issue Price.

The Open Offer also includes a mix and match facility, allowing Qualifying Shareholders to apply for more than their basic entitlement. Such applications will be satisfied to the extent other Shareholders choose to take up less than their basic entitlement. To the extent that Qualifying Shareholders do not subscribe for £95 million in aggregate of Participating B Shares at the Issue Price under the Open Offer, such shares may be subscribed for by the Placees pursuant to the Placing.

As the Placing and Open Offer is not underwritten, the extent to which the Fund receives monies pursuant to the Placing will depend on the extent to which the Placees meet their obligations to subscribe and make payment for Participating B Shares. In the event that the Placees fail to make payment upon the allotment of Participating B Shares to them, there is no certainty that the Fund will be able to successfully recover monies from any of them.

<sup>4</sup> Source: IMF World Economic Outlook Report April 2009

Applications under the Open Offer will be on the terms and subject to the conditions set out in Part II of this Circular, Part I of Appendix II of the Listing Particulars and the Application Form enclosed with this Circular. Entitlements to Participating B Shares will be rounded down to the nearest whole number. The Issue Price (and therefore the number of Participating B Shares in respect of which any investor's application has been successful) will not be determined until the calculation of the Target NAV is concluded, which is expected to be on 11 August 2009. The Fund will notify investors of the Issue Price at such time and the number of Participating B Shares allocated to them in respect of which their application has been successful.

The Placing and Open Offer are conditional upon, amongst other things:

- (A) the passing of the Resolution at the EGM;
- (B) a minimum amount of £95 million being raised;
- (C) the Directors being satisfied that the proceeds of the Placing and Open Offer can be applied to cure the breach so as to ensure the Fund is in compliance with the Canada Life Facility and that Canada Life no longer has any rights in respect of the existing default under the Canada Life Facility;
- (D) prior to the application of proceeds to cure such breach, Canada Life has not taken enforcement action and called for repayment of its facility;
- (E) Admission becoming effective by not later than 12 August 2009 (or such later date as the Fund and Deutsche Bank may agree); and
- (F) the Placing Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

The Resolution to be proposed at the EGM of the Fund is itself conditional upon the passing of certain resolutions to be proposed at extraordinary general meetings of each of the Feeder Funds. If the resolutions are not passed by each of the Feeder Funds, the Directors intend to adjourn the EGM indefinitely. Further details are set out in paragraph 10 below.

The Participating B Shares will be issued fully paid, will rank *pari passu* with the existing Participating Shares and will have the same rights as the existing Participating Shares in issue, except that the Participating B Shares will not be redeemable at the option of the holder for a period of 3 years from the date of issue.

Deutsche Bank (through its private wealth management division), as Placement Agent on behalf of the Fund, has agreed pursuant to the Placing Agreement, to use all reasonable endeavours to procure Placees to subscribe for the Participating B Shares at a price equal to the Issue Price under the Placing, subject to claw back to meet valid applications under the Open Offer.

Application will be made to the Irish Stock Exchange for the Participating B Shares to be admitted to the Official List and to trading on the Main Market. It is expected that Admission will become effective on 12 August 2009.

**The latest time and date for acceptance and payment in full under the Open Offer is expected to be 5.00 p.m. on 29 July 2009.**

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue and is non-renounceable. The Application Form is not a negotiable document and cannot be traded.** Participating B Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer. **Qualifying Shareholders should be aware that, in the event that they decide not to subscribe for their full entitlement under the Open Offer, they will necessarily suffer a diminution in the value of their investment in the Fund as a consequence of the issue of Participating B Shares at a significant discount to Target NAV.**

**The information set out above is intended to be generic guidance only. Your attention is drawn to the terms and conditions of the Open Offer set out in Part II of this Circular and Part I of Appendix II of the Listing Particulars and in the enclosed Application Form. You should also read the whole of the Listing Particulars for full details of the Fund, its investment strategy, policies and criteria and its Portfolio, before deciding on what action you should take in relation**

**to the Open Offer. If you are in any doubt about the action to be taken, you are recommended to seek your own personal advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser.**

## **6. Feeder Funds**

While there are no pre-emption rights in respect of the Participating Shares, the Participating B Shares will be offered through the Open Offer such that nearly all existing Shareholders will be able to participate on a fully pre-emptive basis should they wish to do so. However, a significant number of investors invest in the Fund through the Feeder Funds, which constitute three of the five largest direct registered shareholders in the Fund and which, in aggregate, hold approximately 36.05% of the total issued share capital of the Fund as at 22 May 2009 (being the latest practicable date prior to the publication of this Circular). To enable the Feeder Funds (and therefore indirectly the underlying investors of the Feeder Funds) to take up their entitlements and participate in the Open Offer and prevent dilution of their respective holdings, each of the Feeder Funds will need to issue shares to their investors so as to receive proceeds which will be used to subscribe for Participating B Shares under the Open Offer. A structure involving shares with similar rights to Participating B Shares being offered to shareholders in the Feeder Funds will therefore need to be implemented at the level of the Feeder Funds. The Feeder Funds will also need to adopt new Articles to align their postponement regime with respect to redemption of Shares with that of the Fund.

As such, resolutions (i) instructing the directors of the Feeder Funds as registered shareholders of the Fund to vote in favour of the Resolution (or conversely if such resolution is not passed, instructing the directors to vote against the Resolution); and (ii) approving the adoption of the new articles of incorporation of each of the Feeder Funds to implement the issue of such shares and to allow the Directors to extend the postponement regime with respect to redemption of Shares from 12 months to up to 4 years, in line with changes being proposed at the level of the Fund are being proposed, and notices convening extraordinary general meetings will be circulated, by each of the Feeder Funds to their respective shareholders. If the Feeder Funds do not pass these resolutions, the power available to the Feeder Funds' directors to postpone redemptions will not be consistent with the power of the Directors to postpone redemptions in relation to the Fund. This would create the possibility of one or more of the Feeder Funds being required to make redemptions at a time when it is itself unable to redeem Shares in the Fund. In order to avoid this possibility, the Resolution to be proposed at the EGM of the Fund has been made conditional upon the passing of certain resolutions proposed by the Feeder Funds and, if the relevant resolutions are not passed by each of the Feeder Funds, the Resolution would necessarily fail. In such circumstances, the Directors intend to adjourn the EGM indefinitely.

## **7. Summary of principal terms and conditions of the Participating B Shares**

The Participating B Shares shall be issued immediately prior to Admission (expected to occur on or around 12 August 2009) following the determination and independent audit of the Target NAV and will have a nominal value of 0.01 pence each.

The Participating B Shares will be created under the Companies Law and credited as fully paid and free from all liens, equities, charges, encumbrances and other interests, and will rank in full for all dividends and distributions on the Participating Shares of the Fund declared, made or paid after their issue.

Unlike existing Participating Shares in the Fund, the Participating B Shares may not be redeemed at the option of the holder for a period of 3 years from date of issue (the "**Lock In Period**"). After the expiry of the Lock In Period, the Participating B Shares will become redeemable on the same terms and conditions as existing Participating Shares. Save for the different redemption rights attached to the Participating B Shares the rights attaching to the Participating B Shares will be identical to those attaching to the existing Participating Shares. In particular, the Participating B Shares will be subject to the same provisions allowing the Directors to postpone redemption requests as the existing Participating Shares (which provisions are proposed to be amended as described in paragraph 9 below).

There are no pre-emption rights under the new articles of incorporation in respect of Participating B Shares and no pre-emption rights are conferred by, or under, the Companies Law on the allotment of Participating B Shares.

As with existing Participating Shares, the Participating B Shares will be issued in registered form and title to Participating B Shares will be evidenced by entry in the register of members of the Fund. No share certificates will be issued in respect of the Participating B Shares except at the request of the holder.

Further details of the terms of, and rights attached to, the Participating B Shares are contained in the section entitled "General Information" on Page 38 of the Listing Particulars (which are appended to this Circular).

## **8. Dividend Policy**

Given the significant downturn in the commercial property market in which the Fund invests and in light of the continuing turbulence in the debt provision market, the Board does not currently feel it is appropriate to propose an interim dividend for 2009. However, it is the Board's intention, if possible to seek to maintain the Fund's "distributing fund" status (for so long as the "distributing fund" regime remains in force) and, to the extent permitted under the revised RBS Facility, it will distribute sufficient amounts for it to maintain such status as described in paragraph 4 above. The Board will review its future dividend policy at the end of the year in the light of prevailing market conditions and the headroom available under the Fund's financial covenants under its banking facilities.

## **9. Proposed new Articles of Incorporation of the Fund**

In summary, the proposed new articles of incorporation of the Fund incorporate the following amendments to the Fund's existing Articles:

- the new Articles will reflect the changes in the authorised share capital of the Fund and the creation of a new class of Participating B Shares to be issued pursuant to the Placing and Open Offer, as well as the rights and restrictions attaching to such shares, including provisions restricting the right of holders of Participating B Shares to redeem those shares for 3 years from the date of issue, and permitting, if authorised by a special resolution, Participating Shares (including Participating B Shares) to be issued at a price that is at a discount to Net Asset Value.
- the "postponement" regime approved by Shareholders at the EGM held on 21 May 2008 to provide the Directors with greater flexibility to deal with circumstances where the Fund receives a material level of redemption requests in a difficult market will be extended so that the Directors will be able to temporarily postpone redemption requests for up to 4 years (ie a further period of 3 years from the current 12 months) from the date when such requests are due to be satisfied.
- In light of the change in the Companies Law, a provision will be included conferring authority on the Directors to allot and issue an aggregate of up to 200,000,000 shares of any class in the Fund for purposes of the Placing and Open Offer and for general purposes, such authority to expire at the end of five years from the passing of the Resolution.

Further information on the proposed amendments to the current Articles are set out in Part III of this Circular.

## **10. Extraordinary General Meeting and Resolution to be proposed at the EGM**

This Circular includes a notice convening an Extraordinary General Meeting to be held on 23 June 2009 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 2JA. The purpose of the meeting is to consider and, if thought fit, to pass the Resolution necessary to implement the Placing and Open Offer and other measures to stabilise the financial position of the Fund.

A summary and explanation of the Resolution is set out below. The Resolution:

- seeks to increase the authorised share capital of the Fund by the creation of an additional 100,000,000 Unclassified Shares of nominal value 0.01 pence each in the capital of the Fund, which may be issued as either Nominal Shares or Participating Shares of any class (including Participating B Shares).

- seeks approval for the adoption of proposed new memorandum and articles of incorporation for the Fund, which incorporate amendments from the existing Articles to:
  - (A) change the redemption rights of all the Shares to allow Directors the ability to postpone the redemption of such shares for up to 4 years;
  - (B) include provisions specifying the rights and restrictions attaching to the Participating B Shares, including the redemption rights attached to Participating B Shares;
  - (C) permit participating shares (including the Participating B Shares) to be issued at a price that is at a discount to Net Asset Value for purposes of the Placing and Open Offer; and
  - (D) in light of the change in the Companies Law from a capital maintenance regime to a solvency regime, to include certain provisions reflecting this change, including the conferring of authority on the Directors to allot and issue up to an aggregate of 200,000,000 shares of any class for purposes of the Placing and Open Offer and for general purposes, such authority to expire at the end of five years from the passing of the Resolution, and the removal of the requirement that dividends on participating shares be paid out of profits,
- confers authority on the Directors to take all other steps necessary to implement the Placing and Open Offer, including, where necessary, making amendments to the existing prospectus of the Fund.

The Resolution is conditional on the passing of certain resolutions to be proposed at the extraordinary general meetings of each of the Feeder Funds required to implement similar changes at the Feeder Fund level. Should those resolutions not be passed, it is the intention of the Board to adjourn the EGM indefinitely.

Shareholders should also read the full text of the Resolution contained in the notice of EGM set out in Part VI of this Circular.

## **11. Overseas Shareholders**

The distribution of this Circular and the making of the Open Offer to, and/or participation in the Open Offer by, persons located or resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be restricted by the law or regulatory requirements of the relevant jurisdiction. Any failure to comply with such restrictions may constitute a violation of the securities laws of the relevant jurisdiction. Any Shareholder who is in any doubt as to his or her position should consult an appropriate professional adviser without delay.

## **12. Conflicts of Interests**

The Manager is part of the Deutsche Bank group. Certain of the Manager's affiliates or persons connected with the Manager (including affiliates of Deutsche Bank) have investments in, directly or indirectly, the Fund or manage or advise other funds or accounts that invest in the Fund. Such affiliates or persons are managed separately and their decisions are taken independently from that of the Manager. The Manager has also put in place systems to manage such conflicts (including, for example, steps taken to ensure no confidential information is shared between the Manager and such affiliates to the extent the information relates to activities of the Fund). Notwithstanding the relationship between the Manager and such persons, following the grant of a waiver from the Commission of the relevant provision of the Class B Rules, these affiliates and persons are entitled to vote at the EGM and subscribe for Participating B Shares under the Open Offer, which may give rise to perceived or actual conflicts of interests.

Mr. Court is currently Global Head of Real Estate and Infrastructure within the private wealth management division of Deutsche Bank. Mr. Wands is also an employee of Deutsche Bank. The two directors have declared and disclosed the nature of their interests at board meetings in which the proposals described in this Circular have been discussed and remain entitled to, and did, vote at such meetings.

### 13. Action to be taken

#### *Extraordinary General Meeting*

Enclosed with this Circular is a Form of Proxy for use by Shareholders at the EGM. Whether or not you intend to be present in person at the meeting, please complete and sign this Form of Proxy and return it following the instructions printed on the form as soon as possible, by post or by hand (during normal business hours only) and, in any event, so as to be received by the Fund's Administrators, Northern Trust International Fund Administration Services (Guernsey) Limited, PO Box 255, Tralfagar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL no later than 11.00 a.m. on 21 June 2009, being the latest time for receipt of Forms of Proxy.

#### *Open Offer*

If the Resolution is passed at the EGM (and provided the Placing Agreement has not been terminated in accordance with its terms), then Qualifying Shareholders will be entitled to subscribe for Participating B Shares under the Open Offer.

If you are a Qualifying Shareholder and you wish to take up your entitlements under the Open Offer in whole or in part, you should complete and return the personalised Application Form accompanying this Circular, together with your remittance for the full amount of the subscription monies for the Participating B Shares being taken up in accordance with the instructions printed thereon and with Part II of this Circular, Part I of Appendix II of the Listing Particulars (which are appended to this Circular), by post or by hand (during normal business hours only), to Northern Trust International Fund Administration Services (Ireland) Limited at George's Court, 54-62 Townsend Street, Dublin 2, Ireland **so as to arrive no later than 5.00 p.m. on 29 July 2009, being the latest time for acceptance and payment in full.**

**Full details of the terms and conditions of the Open Offer are set out in Part II of this Circular.**

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from, and consult with, your stockbroker, bank manager, solicitor or other appropriately authorised professional adviser.

### 14. Importance of passing the Resolution and successful completion of the Placing and Open Offer

If Shareholders do not vote in favour of the Resolution, the Placing and Open Offer cannot proceed. Without the proceeds of the Placing and Open Offer, **the Fund would be unable to pre-repay some of its financial indebtedness under the Canada Life Facility and to lower its LTV ratio so as to enable it to remedy the existing breach of that financial covenant.** In such a case, as the Fund remains in breach of its financial covenants, Canada Life is entitled to accelerate the repayment of its banking facility. The revised RBS Facility has been amended such that any cross-default arising from Canada Life taking enforcement action in respect of this breach is suspended until 1 November 2009. However, if the breach persists on or after 1 November 2009, any enforcement action taken by Canada Life would also trigger a cross-default under the revised RBS Facility, resulting in that facility also becoming due and repayable. In addition, under the revised RBS Facility, if the Fund fails to use reasonable endeavours to raise at least £60 million within 6 months of the date on 22 May 2009, being the date on which the second supplemental agreement becomes effective, an event of default would be triggered.

In such circumstances, the Board will seek to take prompt action to agree further revisions to the Fund's banking facilities and to reduce its financial indebtedness by implementing one or more of a number of options which the Board has considered as alternatives to the Placing and Open Offer, including potential asset disposals. However, there could be no assurance that Canada Life would not call for the repayment of the facilities at any time.

Further, as the current postponement regime in relation to redemption requests will expire on 24 June 2009, without an amendment to the Articles, the Board is unable to effect a further postponement of redemption requests. In the short term, the Fund would be unable to meet all of the

redemption requests that fall due on 24 June 2009 and thereafter, following expiry of the 12 month postponement period for those investors whose redemptions were originally due to be paid in July 2008, the Board may therefore immediately seek to exercise its powers under the current Articles to suspend redemptions for a period of up to 12 months.

#### **15. Risk factors**

Shareholders who participate in the Open Offer may face a number of risks in relation to the acquisition or subscription of Participating B Shares. Prior to making an investment decision, shareholders should consider the risks associated with the sector in which the Fund invests as well as risks relating specifically to the Fund and the Participating B Shares. **Your attention is drawn to the risk factors set out in paragraph 3 of Part II of this Circular and the section headed “Risk Factors” on page 9 of the Listing Particulars.** Shareholders who do not take up in full their entitlements to subscribe for Participating B Shares under the Open Offer will experience dilution of their holdings (and diminution the value of their investment) in the Fund, as their proportionate shareholding and voting interests in the Fund will be reduced.

#### **16. Board Recommendation**

**The Board considers the Resolution and the Placing and Open Offer to be in the best interests of the Fund and its Shareholders as a whole. Accordingly, the Board believes that it is important that Shareholders vote in favour of the Resolution to be proposed at the EGM in order that the Placing and Open Offer can proceed. Each of the Directors intends to take up in full his basic entitlement to subscribe for the Participating B Shares under the Open Offer in respect of his direct registered holdings.**

**Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution, as each Director intends to do in respect of his own beneficial holdings of Participating Shares.**

Yours faithfully,

Robert Court  
Chairman

**PART II**  
**INFORMATION ON, AND TERMS AND CONDITIONS OF,**  
**THE PROPOSED PLACING AND OPEN OFFER**

**1. Introduction**

As explained in the letter from your Chairman set out in Part I of this Circular, the Fund intends to raise a gross amount of £95 million through a Placing and Open Offer of Participating B Shares at a price representing a discount of 50% to the Target NAV. The Issue Price, and hence the total number of Participating B Shares to be issued pursuant to the Open Offer, will not be known until the Target NAV is determined. However, the Fund is setting both the minimum and maximum issue size pursuant to the Placing and Open Offer at £95 million (before fees and expenses).

There are no statutory pre-emption rights under the Companies Law of Guernsey, and no such rights have been conferred by the Articles in relation to any class of shares in the capital of the Fund. However, to provide Qualifying Shareholders with an opportunity to participate in the issue of Participating B Shares, and not have their holdings in the Fund diluted, Deutsche Bank has agreed, as Placement Agent for the Fund, to make the Open Offer.

The Placing is conditional upon the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission. Deutsche Bank, as the placement agent will use reasonable endeavours to seek to procure new investors on behalf of the Fund, to subscribe for Participating B Shares during the period of the Open Offer (up to the maximum aggregate issue size of £95 million) (subject to clawback to satisfy valid applications under the Open Offer). As at the date of this Circular, no Placees have been procured by Deutsche Bank.

As the Placing and Open Offer is not underwritten, the extent to which the Fund receives monies pursuant to the Placing will depend on the extent to which the Placees meet their obligations to subscribe for and make payment for Participating B Shares. In the event that the Placees fail to make payment upon the allotment of Participating B Shares to them, there is no certainty that the Fund will be able to successfully recover monies from any of them.

Further details in relation to the Fund, its investment policies and strategy and details of the rights and restrictions attached to the Participating B Shares, are contained in the Listing Particulars, a copy of which is appended to this Circular and which is also available on the website of the Fund at [www.glanmore.com](http://www.glanmore.com).

Financial Information relating to the Fund, namely its latest audited financial statements (for the financial year ended 31 December 2008) the latest unaudited analysis of the Fund's portfolio and a valuation report of the Fund's property portfolio dated as at 30 April 2009 are set out in Appendix III and Appendix V to the Listing Particulars.

**2. Risk Factors**

Shareholders may face a number of risks in relation to the acquisition or subscription of Participating B Shares. Prior to making an investment decision, Shareholders should consider carefully the risks associated with the sector in which the Fund invests as well as risks relating specifically to the Fund and the Participating B Shares. Attention is drawn to the risk factors set out below which relate specifically to the Placing and Open Offer, as well as the risk factors set out in the section headed "**Risk Factors**" on page 9 of the Listing Particulars. The risks set out below and in the Listing Particulars may not be exhaustive and additional risks and uncertainties not presently known to the Fund or which the Fund currently deems immaterial may arise or become material in the future.

*Continuing breach of financial covenants*

**The Fund is currently in breach of its LTV ratio covenant under its current banking facility with Canada Life, triggering an event of default.** Although Canada Life has not exercised any of its rights with respect to the breach and has not taken any enforcement action at this time, it has not, as at the date of this Circular, given a formal waiver in respect of that breach. The Fund therefore remains in breach, and Canada Life is entitled to call for repayment of its facility at any time (including during the period of the Open Offer) until such time when it has formally granted a waiver in respect of that breach

or indicated to the Fund that the breach has been remedied to its satisfaction and that an event of default is no longer existing. The RBS Facility, as revised, has been amended such that any cross-default arising from Canada Life taking enforcement action against the Fund in respect of this breach is suspended until 1 November 2009. However, if the breach persists on or after 1 November 2009, any step taken by Canada Life to take enforcement action would result in a cross-default in the revised RBS facility.

*Reductions in property values and/or reduction in interest cover resulting in a breach of the Fund's banking facilities in the longer term*

As described in paragraph 2 of the Part I of this Circular, property valuations have substantially reduced as a result of the current economic downturn. Further erosion of the value of the Fund's Portfolio by virtue of the current economic downturn or other factors would increase the LTV ratios applicable under the Fund's banking facilities. Although the Fund has negotiated a loosening of the LTV ratio covenant in the revised RBS Facility, and the Fund remains in negotiations with Canada Life to amend its current facility, there is no guarantee that the Fund will be able to maintain compliance with the covenants in either facility (whether or not they are successfully revised) in the longer term. Failure to comply with those covenants could lead to a default. This could result in the withdrawal of the Fund's debt financing and the acceleration of the Fund's obligations to repay the debt facilities. This may, accordingly, have a material adverse effect on the Fund's financial condition.

*Failure to pass the Resolution or of the Placing and Open Offer*

The Placing and Open Offer are conditional upon Shareholders approving the Resolution at the EGM. Should the Resolution not be passed, the Fund will not receive any funds from the Placing and Open Offer, which may adversely affect its financial position as it will not be able to reduce its indebtedness under the Canada Life Facility so as to cure the existing breach of its LTV ratio covenant. If the Resolution is not passed, the Fund would also be unable to extend the postponement regime or to satisfy redemption requests that have been postponed as and when they fall due following expiry of the current postponement period. In these circumstances, it is likely that the Directors would have to exercise its powers under the Articles to suspend redemptions, while they consider other alternative options to reduce their financial indebtedness and to remedy the breach.

The Resolution is also conditional on certain resolutions of each of the Feeder Funds being passed. Hence, should shareholders of any of the Feeder Funds fail to approve the resolution required to implement the offer of shares being proposed at the level of that Feeder Fund, the Resolution cannot be passed, and the Placing and Open Offer cannot proceed.

The Directors have determined that £95 million (before fees and expenses) is the appropriate amount to raise as it would provide sufficient proceeds to bring the Fund back into compliance with its financial covenants with Canada Life. A failure to raise £95 million (before fees and expenses) pursuant to the Placing and Open Offer would result in one of the conditions of the Placing and Open Offer not being satisfied. Even if the Fund raises a fairly substantial amount pursuant to the Placing and Open Offer, but this amount is less than £95 million (before fees and expenses), the Placing and Open Offer will not proceed, and the Fund would have to consider alternative proposals to reduce its leverage and LTV ratio.

*Failure of Placees to pay subscription monies*

Any new investors procured by Deutsche Bank as Placees will be required to sign up to placing commitments which constitute binding agreements to subscribe for a specified value of Participating B Shares at the Issue Price. The extent to which the Fund receives monies pursuant to the Placing will depend on the extent to which the Placees meet their obligations to subscribe for and make payment for Participating B Shares. In the event that the Placees fail to make payment upon the allotment of the Participating B Shares to them, there is no certainty that the Fund will be able to successfully recover monies from any of them.

*Possible Dilution*

If a Qualifying Shareholder does not take up all or any of his entitlements under the Open Offer, his proportionate ownership and voting interests in the Fund will be reduced and the percentage that

their shares will represent of the total share capital of the Fund will be reduced accordingly. The level of dilution is dependent on the number of Participating B Shares that will be issued pursuant to the Placing and Open Offer, which is in turn dependent on the Issue Price and the extent to which (a) new subscribers for Participating B Shares are procured and (b) other existing Shareholders take up or exceed their entitlement to subscribe for Participating B Shares under the Open Offer.

**Qualifying Shareholders should be aware that, in the event that they decide not to subscribe for their full entitlement under the Open Offer, they will necessarily suffer a diminution in the value of their investment in the Fund as a consequence of the issue of Participating B Shares at a significant discount to Target NAV.** In relation to any Shareholder who has put in a redemption request, in addition to any fall in Net Asset Value per Share as a result of depreciation in the value of the Fund's Portfolio since the time the redemption request was made, the Net Asset Value per Share will decrease as a consequence of the issue of Participating B Shares at a discount to Target NAV. The amount which a Shareholder might realise compared to the amount he might have expected to receive when the redemption request was made will be significantly less.

### **3. Terms and Conditions of the Open Offer**

Subject to the terms and conditions set out in this Part II, Part I of Appendix II of the Listing Particulars, and the Application Form, as a basic entitlement under the Open Offer, a Qualifying Shareholder will be able to apply subscribe for Participating B Shares at the Issue Price with a value (as far as possible) in proportion to his percentage holding of Participating Shares held and registered in the name of that Qualifying Shareholder at the Record Time, subject to a mix and match facility. By way of example, based on a maximum aggregate issue size of £95 million, a Shareholder which held 5 per cent. of the Fund's Participating Shares in issue (excluding Participating Shares held by Shareholders resident in Excluded Territories) as at the Record Time will be given a basic entitlement to subscribe Participating B Shares at the Issue Price with an aggregate value of £4.75 million (being 5 per cent. of £95 million). A Shareholder can choose to take up this basic entitlement in full, in part or not at all, and applications from Qualifying Shareholders may be for any subscription amount. The actual number of Participating B Shares that will be issued to each Qualifying Shareholder (whether they take up their entitlement in full or in part or more than their entitlement) will depend on the Issue Price. A Qualifying Shareholder may also apply for more than his basic entitlement under the mix and match facility, but there is no assurance that he will receive Participating B Shares at the Issue Price with an aggregate value in excess of his basic entitlement on settlement.

The monetary value of a Shareholder's entitlement to Participating B Shares will be rounded down to the nearest whole number.

#### *Mix and Match Facility*

The Open Offer will include a mix and match facility. The facility will allow Qualifying Shareholders (apart from the Feeder Funds) to apply for more than their basic entitlement under the Open Offer and for such applications to be satisfied to the extent other Shareholders choose to take up less than their basic entitlement under the Open Offer. The total value of Participating B Shares to be issued at the Issue Price in aggregate pursuant to the Placing and Open Offer will not be varied as a result of the mix and match facility. If the total aggregate value of Participating B Shares at the Issue Price applied for by Shareholders under the Open Offer exceeds £95 million such that not all applications for subscriptions of B Shares in excess of the basic entitlement can be satisfied, then all of those applications will be scaled down on a pro rata basis in accordance with the relevant Shareholder's holdings in the Fund at the Record Time. As a result, Qualifying Shareholders who validly subscribe for more than their basic entitlement will not know the exact value of the Participating B Shares that they will receive under the Open Offer until settlement, although they will, in any event, receive not less than their basic entitlement. To the extent that Qualifying Shareholders do not subscribe for £95 million in aggregate of Participating B Shares at the Issue Price under the Open Offer, such shares may be subscribed for by the Placees pursuant to the Placing Agreement.

The Mix and Match Facility is subject to the following conditions:

- (A) The Mix and Match Facility is not available to any of the Feeder Funds, in their capacity as a Qualifying Shareholder. If a Feeder Fund specifies a subscription value in excess of its basic entitlement, and the application is otherwise valid and complete, it will be deemed to have

- applied to subscribe only for its basic entitlement of Participating B Shares under the Open Offer in full and its application will be scaled back accordingly;
- (B) Any Qualifying Shareholder (apart from a Feeder Fund) who specifies a subscription value in Box B of the Application Form that is in excess of his basic entitlement and that Application Form is returned validly completed together with payment in full for that value will be deemed to have applied to subscribe for Participating B Shares with an aggregate value so specified;
  - (C) New Participating B Shares will be allocated to Shareholders who validly apply for more than their basic entitlement in accordance with paragraph (D) below;
  - (D) Valid applications for Participating B Shares at the Issue Price with an aggregate value that is in excess of a Shareholder's basic entitlement will be satisfied in full where sufficient other Shareholders subscribe for less than their basic entitlements, thereby releasing for use in the Mix and Match Facility sufficient Participating B Shares to which they would otherwise be entitled to apply under the Open Offer (on the basis that the aggregate maximum issue size of the Open Offer is £95 million). If valid applications are received for Participating B Shares that, in aggregate, are in excess of £95 million, then all subscriptions for Participating B Shares with a value in excess of a Shareholder's basic entitlement will be scaled down on a pro rata basis as nearly as practicable;
  - (E) Any Qualifying Shareholder who specifies a subscription value in Box B of the Application Form that is in excess of his basic entitlement and the Application Form is valid and complete in all respects but who includes a payment for only part of that specified amount will be deemed only to have applied to subscribe for Participating B Shares at the Issue Price with an aggregate value of up to the amount for which payment is received; and
  - (F) The Mix and Match Facility is conditional upon the Placing and Open Offer becoming wholly unconditional, and will not be available once the Open Offer closes.

#### *Determination of Issue Price*

The price at which the Participating B Shares are offered pursuant to the Placing and Open Offer will be at a 50% discount to the Net Asset Value of the Participating Shares as at the close of business on 31 July 2009, being the last Business Day of the month. The Valuers will prepare valuations of the Fund's properties in accordance with the Fund's Articles and provide such valuation to the Administrators to enable them to determine the Target NAV. The calculation of the Target NAV will be independently reviewed by the Auditors and approved by the Board. Once the Target NAV is determined, the Issue Price will be calculated. Following determination and final approval, the Target NAV and the Issue Price will immediately be notified to the Irish Stock Exchange by the Administrator, along with the final results of the Open Offer.

As with current practice, the following principles, *inter alia*, will apply in the valuation of the Target NAV:

- (A) the value of the Fund's interest in real property will be determined by the Valuers and the Valuers shall adjust such valuation if so required by the Directors on such basis as the Directors may think appropriate;
- (B) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received shall be deemed to be the full nominal amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate to reflect the true value thereof;
- (C) certificates of deposit, treasury bills, bank acceptances and trade bills shall be valued according to the normal dealing practice therein at noon on the Valuation Date;
- (D) if in any case a particular value is not ascertainable or if the Directors consider that some other method of valuation better reflects the fair value, then the method of valuation shall be such as the Directors in their absolute discretion shall decide;
- (E) there will be deducted all liabilities of the Fund and such provisions and allowances for contingencies including tax as the Directors think appropriate and accrued costs and expenses payable by the Fund amortised where relevant over such period as the Directors may determine.

**Applications must be received and payment in full made under the Open Offer by 5.00 p.m. on 29 July 2009. If for any reason it becomes necessary to adjust the expected timetable, the Fund will make an appropriate announcement to the Irish Stock Exchange giving details of the revised date.**

The Placing and Open Offer are conditional upon, amongst other things:

- (A) the passing of the Resolution at the EGM;
- (B) not less than £95 million (before fees and expenses) being raised pursuant to the Placing and Open Offer;
- (C) the Directors being satisfied that the proceeds of the Placing and Open Offer can be applied to cure the breach and ensure the Fund is in compliance with the Canada Life Facility and that Canada Life no longer has any rights in respect of the existing default under the Canada Life Facility;
- (D) prior to the application of proceeds to cure such breach, Canada Life has not taken enforcement action and called upon repayment of its facility;
- (E) Admission becoming effective by not later than 12 August 2009 (or such later date as the Fund and Deutsche Bank may agree); and
- (F) the Placing Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

The Resolution to be proposed at the EGM of the Fund is itself conditional upon the passing of certain resolutions to be proposed at extraordinary general meetings of each of the Feeder Funds. If the resolutions are not passed by each of the Feeder Funds, the Directors intend to adjourn the EGM indefinitely.

If the Placing and Open Offer does not become unconditional in all respects, then no Participating B Shares will be issued under the Placing and Open Offer and all monies received by the Administrator or its delegate will be returned to applicants without interest and at their risk as soon as possible thereafter and, in any event, within 5 Business Days after any announcement relating to the conditions to the Placing and Open Offer not having been satisfied. Repayment of monies can only be made if applicants supply valid payment instructions with their Application Form.

The Participating B Shares will be issued credited as fully paid and will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Shares after Admission and will otherwise rank *pari passu* in all respects with, and have the same rights as, the existing Participating Shares, except in respect of the redemption rights attached to the respective classes of shares. No temporary documents of title will be issued.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. The Application Form is not a negotiable document and cannot be traded.** Participating B Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlement under the Open Offer will have no rights under the Open Offer. To the extent not applied for under the Open Offer, Participating B Shares priced at the Issue Price may be issued to Placees (to the extent procured by Deutsche Bank as placement agent), subject to the terms and conditions of the Placing Agreement, with the proceeds retained for the benefit of the Fund.

**If Qualifying Shareholders do not respond to the Open Offer by 5.00 p.m. on 29 July 2009, the latest date for application and payment in full in respect of their entitlements, their proportionate ownership and voting interest in shares in the Fund (and the value of their investment in the Fund) will be reduced and the percentage that their existing Participating Shares represents of the issued share capital of the Fund will be reduced accordingly. Qualifying Shareholders should be aware that, in the event that they decide not to subscribe for their full entitlement under the Open Offer, they will necessarily suffer a diminution in the value of their investment in the Fund as a consequence of the issue of Participating B Shares at a significant discount to Target NAV.**

#### 4. Procedure for Application and Payment

**An Application Form for Qualifying Shareholders to participate in the Open Offer has been included with this Circular other than where it is being sent to an Excluded Territory. Qualifying Shareholders should also refer to Part I of Appendix II of the Listing Particulars for the detailed terms and conditions to which any application for Participating B Shares is subject.**

Each Qualifying Shareholder will have received a personalised Application Form in relation to Participating B Shares. The Application Form shows the number of Participating Shares registered in their name at the Record Time, the percentage holding that represents as a percentage of the total number of Participating Shares then in issue, and also the aggregate value of Participating B Shares forming their basic entitlement under the Open Offer, based on a maximum issue size of £95 million. Shareholders may subscribe for less than their basic entitlement should they wish to do so. The instructions and other terms set out in the Application Form constitute part of the terms of the Open Offer.

Qualifying Shareholders wishing to apply to take up all or any of the entitlements should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted or delivered by hand (during normal business hours only) to Northern Trust International Fund Administration Services (Ireland) Limited, George's Court, 54-62 Townsend Street, Dublin 2, Ireland so as to arrive no later than 5.00 p.m. on 29 July 2009, after which time Application Forms will not be valid.

Applications must be sent together with payment in full by cheque, bank draft or telegraphic transfer. Cheques and bank drafts should be made payable to THE GLANMORE PROPERTY FUND LIMITED CLIENT MONEY and crossed "Not Negotiable" and enclosed with the Application Form. Monies sent by telegraphic transfer must be in Sterling and should be sent to Northern Trust (Guernsey) Limited, PO Box 71, Trafalgar Court, Les Banques, St. Peter Port Guernsey GY1 3DA, CHANNEL ISLANDS, Sort Code 40 48 84, Swift Code BBCOGGSP, Account Name: TAMIL as Manager of The Glanmore Property Fund Limited-Client Money account "B" Share Issue A/C No 2455102, Reference: [Investor Name]. An application will not be valid unless these requirements are fulfilled and cheques and bank drafts presented for payment are honoured on first presentation.

To ensure compliance with applicable money laundering regulations, the Fund may require verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to as the "verification of identity requirements"). The person lodging the Application Form with payment, including any person who appears to the Fund to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Fund with such information and other evidence as may be required to satisfy the verification of identity requirements. Attention is drawn to the Appendix II of the Listing Particulars which set out in more detail the information that may be required by the Fund in order to satisfy the verification of identity requirements.

If cheques or banker's drafts are presented for payment before the conditions of the Placing and Open Offer are fulfilled, the application monies will be kept in a separate non interest-bearing bank account until all conditions are met. If the Placing and Open Offer do not become unconditional, no Participating B Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Placing and Open Offer.

All documents and remittances sent by post by or to an applicant (or his agent as appropriate) will be sent at the applicant's own risk.

Applications for Participating B Shares may only be made on the Application Form. The Application Form represents a right personal to the Shareholder to apply to subscribe for Participating B Shares and is not a document of title and cannot be traded.

Applications, once made, will be irrevocable and will not be acknowledged. The Fund reserves the right (but shall not be obliged) to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. Any Shareholder who does not wish to apply for Participating B Shares should not complete or return the Application Form. All Shareholders are nevertheless requested to complete and return the Proxy Form for use in connection with the EGM.

**If you are a Qualifying Shareholder and wish to apply for Participating B Shares, you should complete and sign the Application Form in accordance with the instructions printed on it and return it together with payment in full, either by post or by hand (during normal business hours only) to Northern Trust International Fund Administration Services (Ireland) Limited, George's Court, 54-62 Townsend Street, Dublin 2, Ireland, as soon as practicable and, in any event, so as to be received not later than 5.00 p.m. on 29 July 2009, at which time the Open Offer will close and after which time Application Forms will not, save as expressly provided in the terms and conditions set out in Part I of Appendix II to the Listing Particulars, be accepted. Application Forms will not be valid unless signed in accordance with the instructions thereon. If the Application Form is being sent by first class post in the United Kingdom, you are advised to allow at least four business days for delivery.**

If you have any questions relating to the procedure for acceptance, please call the Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, or the Administrator's delegate, Northern Trust International Fund Administration Services (Ireland) Limited. Please note that the Administrator or its delegate cannot provide any financial, legal or tax advice in relation to the Open Offer or otherwise. If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from, and consult with, your stockbroker, bank manager, solicitor or other appropriately authorised professional adviser.

## **5. Overseas Shareholders**

The distribution of this Circular and the making of the Open Offer to, and/or the participation in the Open Offer by, persons located or resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom, may be restricted by the law or regulatory requirements of the relevant jurisdiction. Any failure to comply with such restrictions may constitute a violation of the securities laws of the relevant jurisdiction. Any Shareholder who is in any doubt as to his or her position should consult an appropriate professional adviser without delay. Attention is drawn to Appendix I of the Listing Particulars in relation to selling restrictions that may be applicable in the relevant jurisdiction.

Any person (including, without limitation, nominees and trustees) outside the United Kingdom wishing to apply for Participating B Shares is responsible for satisfying, and must satisfy, himself/herself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Due to restrictions under relevant securities laws, no Application Form in relation to Participating B Shares will be sent to Shareholders with registered addresses in any Excluded Territory or any other prohibited territory. No offer of Participating B Shares is being made by virtue of this Circular, the Listing Particulars or the Application Form or otherwise in any of the Excluded Territories or any other prohibited territory.

Qualifying Shareholders in jurisdictions other than the Excluded Territories may, subject to the laws of their relevant jurisdiction, take up their entitlement to Participating B Shares under the Open Offer in accordance with the instructions set out in this Circular, the Listing Particulars and the Application Form. Such Shareholders who have registered addresses in, or who are resident in, or who are citizens of, countries other than the United Kingdom should, however, consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to take up their Participating B Shares.

The Fund reserves the right to waive, vary or modify these provisions relating to overseas Shareholders and to accept or reject in its absolute discretion applications under the Open Offer received from person in any overseas territory.

Notwithstanding any other provision of this Circular, the Listing Particulars or the Application Form, the Fund reserves the right to permit any Qualifying Shareholder to accept the Open Offer if it, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

### *South African Shareholders*

Shareholders resident in and/or nationals or citizens of or who have emigrated from South Africa who are able to and who do participate in the Open Offer should be aware that they may be required to comply with all applicable South African exchange control requirements relating to subscribing for or acquiring Participating B Shares and should seek advice from a person properly qualified to advise them if they are in any doubt as to what this may involve.

### **6. Admission and Settlement**

The result of the Open Offer is expected to be announced on 11 August 2009. Application will be made to the Irish Stock Exchange for all of the Participating B Shares issued and to be issued in connection with the Placing and Open Offer to be admitted to the Official List and trading on the Main Market of the Irish Stock Exchange. It is expected that Admission will become effective on 12 August 2009.

For Qualifying Shareholders who have applied by using an Application Form, contract notes showing the number of Participating B Shares validly applied for are expected to be despatched by post by 18 August 2009 (being not more than 5 working days after the allotment and issue of such shares). No temporary documents of title will be issued. All documents sent by or to an applicant (or his agent as appropriate) will be sent through the post and will be at the risk of the applicant.

### **7. Governing law**

The terms and conditions of the Open Offer set out in this Circular and the Application Form are governed by, and shall be construed in accordance with, Guernsey law. The courts of Guernsey are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Circular and the Application Form.

By taking up their entitlements under the Open Offer in accordance with the instructions set out in this Circular and the Application Form, Shareholders irrevocably submit to the jurisdiction of the courts of Guernsey, and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART III

### INFORMATION ON PROPOSED NEW ARTICLES OF INCORPORATION OF THE FUND

A summary of the changes to the existing articles of incorporation of the Fund incorporated in the proposed new articles is set out below.

#### 1. Creation of a new class of shares and other consequent changes

The primary purpose of adopting new articles of incorporation is to enable the creation of the Participating B Shares to be issued pursuant to the Placing and Open Offer. The new Articles will enable the Unclassified Shares to be issued as either participating shares (of any class) or as Nominal Shares and will specify the rights and restrictions attaching to the new Participating B Shares.

Save for the differing redemption rights as set out below, the rights attaching to the Participating B Shares will be identical to those attaching to the existing Participating Shares and the Participating B Shares will rank *pari passu* in all respects with Participating Shares.

While the Participating B Shares are redeemable at the option of the holder, a holder is restricted under the proposed new Articles from exercising this right for a period of 3 years from the date of issue. Following the expiry of this lock-in period, the Participating B Shares will be redeemable on the same terms and conditions as the existing Participating Shares (as set out on page 20 of the Listing Particulars).

To enable the Participating B Shares to be issued at the Issue Price (that is, at a discount to Net Asset Value per Share), the new Articles will provide that participating shares of any class in the Fund may be issued at a price that is less than the Net Asset Value per participating share, provided that such issue is sanctioned by a special resolution (Article 19(1)). As part of the proposals, approval is being asked from the Shareholders at the EGM by way of special resolution to allow the issue of the Participating B Shares at the Issue Price.

#### 2. Extension of Postponement of Redemption Requests

As you are aware, the Board took the decision in 2008 to ask for shareholders' approval to amend the Articles in order to increase the range of options available to the directors when they are faced with a material level of redemption requests in a challenging property market. The amendments were approved at a meeting of shareholders held on 21 May 2008 and the Board exercised its powers to temporarily postpone redemption requests for an initial 6 months from 1 July 2008, which was then extended for a further 6 months by a resolution passed on 5 December 2008 so as to afford the Directors time to conduct an orderly disposal of assets.

While the Board did not initially expect to extend the postponement regime beyond 12 months, the Fund continues to operate in difficult market conditions and the illiquidity in the current credit markets continues to prevent the UK commercial property market from functioning normally.

Following the expiry of the current postponement regime on 24 June 2009, the Fund does not currently expect to have sufficient realised funds to meet the redemption requests that are due to mature at the end of June 2009. The Board continues to believe that it is not in the best interests of the Shareholders or the Fund to use debt at this time to fund redemptions. Even if the Placing and Open Offer proceed, any net proceeds from the Placing and Open Offer will be used to reduce the Fund's financial indebtedness and to cure the existing breach under the Canada Life Facility ahead of redeeming any postponed redemption requests. The Board therefore believes that it needs to have the flexibility to extend the postponement of redemption requests as it is not certain that sufficient proceeds will be generated to satisfy all postponed redemption requests in full. Extending the postponement regime would continue to allow the Fund to meet redemption requests on a piecemeal basis, as and when funds become available, in the order in which requests were received (which is not possible under the suspension regime).

As such, to enable the Board maximum flexibility in order to maximise value for all Shareholders, Article 25A of the new Articles would allow the Board to temporarily postpone redemption requests for a period of up to 4 years from the date on which such requests are due to be satisfied (increased from

the 12 months under the current Articles). Existing redemption requests could be further postponed by the Board pursuant to the new provisions. This is in addition to the Board's power to invoke a full suspension of redemptions.

### **3. Changes resulting from the new Companies Law**

Prior to 1 July 2008, subject to any provision to the contrary in its articles of incorporation, the directors of a company had the power to issue shares in the company up to the authorised share capital of the company. As a result of a change in Guernsey company law from a capital maintenance regime to a solvency regime following the introduction of the new Companies Law on 1 July 2008, the concept of "authorised share capital" has been removed from the Companies Law, and instead the directors of a company may exercise the power of the company to issue shares if they are authorised by the company's memorandum or articles or by a resolution of the company. The power to issue shares is subject to any restriction in the memorandum or articles of the company. Accordingly, a company with an "authorised share capital" should be considered to have a restriction on issuing shares up to this authorised share capital.

While certain "transitional provisions" were brought in at the same time as the new Companies Law came into effect to provide that for companies existing at the time the Companies Law came into force, the "old" position (as described above) remains in place until 1 July 2011, given that proposals are being made to adopt new articles for the Fund, the Board has thought it an appropriate time to change some of the provisions in the Articles to reflect this new regime. In particular:

- (A) as the Fund has more than one class of shares, under the new regime, the Directors must be authorised generally or for a specific purpose, to allot and issue shares either by a resolution of the Fund, or by the Articles. Such authority must state the maximum amount of shares that may be issued under it and the date of expiry of the authority, which must be not less than 5 years from the date of the resolution approving the authority or amending the Articles. Such authority has been built into the proposed new Articles. (Article 8 of the new Articles)
- (B) the requirement that any dividends be paid out from profits or gains resulting from the Fund's business and operations is no longer relevant following the shift to a solvency regime and has therefore been deleted. Instead, Directors are required to certify that the Fund is solvent at the time when any dividends are declared. Notwithstanding the deletion of this provision, the Fund is still required to comply with the requirements of the ISE Rules which provide that the Fund may only pay a dividend where it has distributable profits as defined by the ISE Rules.

**PART IV**  
**ADDITIONAL INFORMATION**

**1. Taxation**

The following statements are intended only as a general and non-exhaustive guide to current UK tax law and practice as at the date of this Circular (which are both subject to change at any time, possibly with retrospective effect) and apply only, except to the extent stated below, to Qualifying Shareholders who are resident (in the case of a Qualifying Shareholder which is within the charge to UK corporation tax), or who are resident or ordinarily resident (in the case of a Qualifying Shareholder who is an individual), in the UK for UK tax purposes, who hold their Shares as investments (and not as securities to be realised in the course of a trade) and who are the beneficial owners of their Shares and any dividends paid in respect of them. The statements below may not apply to certain categories of person, including: (i) special classes of Qualifying Shareholders such as, for example, dealers in securities, broker-dealers, insurance companies and collective investment schemes; (ii) Qualifying Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment; and (iii) Qualifying Shareholders who are for any reason exempt from taxation.

The following statements do not purport to be a complete analysis, listing or summary of all the potential tax consequences of holding Shares: nor should they be treated as advice. Qualifying Shareholders are advised to consult their own professional tax advisers concerning the consequences under UK law of the acquisition, ownership and disposal of their Shares, particularly those Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to taxation in any jurisdiction other than the UK.

**1.1 General**

For UK tax purposes, the Fund will be treated as a company, and not as a fiscally transparent entity. However, as more fully explained below, this statement will effectively be qualified as regards the Fund's income upon the commencement of the proposed UK "reporting funds" regime.

**1.2 Dividends on Shares**

Qualifying Shareholders who are individuals will (subject to their own particular circumstances) be liable to UK income tax on dividends paid to them by the Fund.

Under the provisions of the Finance Bill currently before the UK Parliament, individual Qualifying Shareholders receiving a dividend paid by the Fund on or after 22 April 2009 may be entitled to a tax credit which can be set off against their total income tax liability on the dividend. The tax credit would be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "**gross dividend**"), which equates to one-ninth of the dividend received. Where an individual Qualifying Shareholder is liable to income tax at the starting rate for savings or at the basic rate, he or she will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit would satisfy in full the liability of such Qualifying Shareholder to income tax on the dividend. In the case of an individual Qualifying Shareholder who is liable to income tax at the higher rate, the tax credit would be set against the liability of such Qualifying Shareholder on the gross dividend and such Qualifying Shareholder would have to account for additional tax equal to 22.5 per cent. of the gross dividend (which equates to 25 per cent. of the dividend received) to the extent that the gross dividend, when treated as the top slice of such Qualifying Shareholder's income, falls above the threshold for higher rate income tax.

In the April 2009 Budget, the UK Government announced proposals to introduce, with effect from 6 April 2010, a new income tax rate of 50 per cent. for taxable non-savings and savings income in excess of £150,000. If these proposals (which are now reflected in the above-mentioned Finance Bill) are given legislative effect, there will be an increase in the rate of tax on gross dividends, where the £150,000 threshold is exceeded, to 42.5 per cent.

Qualifying Shareholders within the charge to UK corporation tax will (subject to their own particular circumstances) be liable to corporation tax on dividends paid to them by the Fund. However, by virtue of provisions in the above-mentioned Finance Bill, dividends paid by the Fund on or after 1 July 2009

to such Qualifying Shareholders may, in certain circumstances, be exempt from UK corporation tax. It is recommended that Qualifying Shareholders within the charge to UK corporation tax consult independent professional tax advisers in relation to the implications of the proposed legislation, once finally enacted.

As explained below, if the proposed UK “reporting funds” regime comes into force and the Directors elect for the Fund to enter into that regime, a Qualifying Shareholder will, thereafter, be liable to UK taxation on that Qualifying Shareholder’s pro rata share of the income earned by the Fund in each of its accounting periods, so that the Qualifying Shareholder’s liability to taxation in respect of the income of the Fund will no longer be restricted to the amount of that income which is distributed by the Fund to that Qualifying Shareholder.

### **1.3 Taxation of Chargeable Gains**

#### *General*

Qualifying Shareholders will potentially be liable to UK taxation, as further explained below, on any gains which accrue to them on a redemption, sale or other disposition of their Shares (of either class) which constitutes a “disposal” for UK taxation purposes.

In consequence of its open-ended structure, the Fund constitutes an “offshore fund” for UK tax purposes. This means that in order for any gain realised on a disposal of Shares (of either class) to be taxable, in the hands of a Qualifying Shareholder, as a capital or chargeable gain (rather than as income), the Fund must itself satisfy a prescribed condition, as described below. Should that prescribed condition not be satisfied, any such gain will, in general, be taxable in the hands of the Shareholder as income (rather than as a capital or chargeable gain). In that event, the gain would not be eligible for shelter by any relief or exemption in UK tax law which applies solely to capital or chargeable gains, such as the annual allowance of tax-free capital gains available to an individual.

Under current UK tax law, the above-mentioned prescribed condition is that the Fund is certified by HMRC as a “distributing fund” throughout the period from a Qualifying Shareholder’s acquisition of his investment in the Fund (or, if later, from the date when the Fund became open-ended) to the date of disposal of that investment. The main requirement which the Fund has to fulfil in order to qualify as a “distributing fund” for any accounting period is that the Fund distributes to Qualifying Shareholders, by way of dividend, a sum not less than 85% of whichever is the greater of (a) the Fund’s accounts income for that period or (b) the amount that would be the taxable income of the Fund for that period if, hypothetically, the Fund were resident in the UK for tax purposes.

Under proposals currently before the UK Parliament, the above-mentioned prescribed condition will change to a requirement that the Fund qualifies as a “reporting fund” throughout the period of a Qualifying Shareholder’s investment in the Fund, as described in the preceding paragraph, except for any part of that period in which the Fund has qualified as a “distributing fund” under current legislation. The Fund will not need to satisfy any income distribution requirement in order to qualify as a “reporting fund”. Instead, the Fund will, broadly, have to submit an election to HMRC to enter into the “reporting funds” regime and will thereafter have to provide each Qualifying Shareholder, for each of the Fund’s accounting periods, with a formal notification of the Qualifying Shareholder’s pro rata share of the “reportable income” (as defined by regulations) earned by the Fund within the accounting period concerned. A Qualifying Shareholder will then be liable to UK income tax or (as the case may be) corporation tax on the excess (if any) of the amount of “reportable income” notified to the Shareholder by the Fund in respect of the accounting period concerned over the dividends or other income distributions (if any) made to the Qualifying Shareholder by the Fund in respect of that accounting period.

The Directors intend to continue to conduct the Fund’s affairs in such manner as to enable the Fund to be certified as a “distributing fund” for each accounting period in which the current “distributing funds” regime remains in force. HMRC have indicated that (subject to Parliamentary approval) the “reporting funds” regime will replace the “distributing funds” regime for, in general, the first accounting period of an offshore fund commencing on or after 1 December 2009. Assuming that the proposals presently before the UK Parliament become law, it is the current intention of the Directors that the Fund should elect, at the appropriate time, to enter into the “reporting funds” regime and that the Fund should thereafter remain within that regime. As explained above, the consequence of that election will effectively be to render the Fund transparent for UK taxation purposes.

### *Making of the Open Offer and Acquisition of Participating B Shares pursuant to the Open Offer*

Neither the making of the Open Offer nor the issue of Participating B Shares to a Qualifying Shareholder pursuant to the Open Offer should, in themselves, give rise to a disposal, for purposes of UK taxation of chargeable gains, of any of the Qualifying Shareholder's existing holding of Participating Shares.

As a matter of UK tax law, the acquisition of Participating B Shares pursuant to the Open Offer should not, strictly speaking, constitute a reorganisation of share capital for the purposes of UK taxation of chargeable gains. The published practice of HMRC to date, however, has been to treat any subscription of shares by an existing shareholder which is equal to or less than the shareholder's minimum entitlement pursuant to the terms of an open offer as such a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. HMRC's treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Participating B Shares is regarded as a reorganisation of share capital of the Fund for the purposes of UK taxation of chargeable gains, the holding of existing Participating Shares and the Participating B Shares issued pursuant to the Open Offer will generally be treated as the same asset, acquired at the time the Qualifying Shareholder acquired his or her existing holding of Participating Shares. The amount of the subscription monies paid for the Participating B Shares should generally be added to the base cost of his or her existing holding of Participating Shares.

If, or to the extent that, the acquisition of Participating B Shares under the Open Offer is not regarded as a reorganisation of share capital of the Fund, the Participating B Shares acquired by each Qualifying Shareholder under the Open Offer will, for the purposes of UK taxation of chargeable gains, be treated as having been acquired as part of a separate acquisition of Shares and the price paid for those Participating B Shares will constitute their base cost.

### *Implementation of the Placing and Acquisition of Participating B Shares pursuant to the Placing*

Neither the implementation of the Placing nor the issue of Open Offer Participating B Shares to a Qualifying Shareholder under the Placing should, in themselves, give rise to a disposal, for purposes of UK taxation of chargeable gains, of any of the Qualifying Shareholder's existing holding of Participating Shares.

The issue of Open Offer Participating B Shares under the Placing will not constitute a reorganisation of share capital of the Fund for the purposes of UK taxation of chargeable gains. Accordingly, any Open Offer Participating B Shares acquired pursuant to the Placing will be treated as acquired as part of a separate acquisition of Shares.

### *Disposal of Participating B Shares*

The discussion of UK taxation of chargeable gains arising to Qualifying Shareholders set out below is based on the assumption that the Fund is certified a "distributing fund" (or successfully elects to be treated as a "reporting fund" at the appropriate time), as explained above. Should that assumption subsequently prove, for any reason, to be incorrect, any gain accruing to a UK tax resident Qualifying Shareholder on a disposal of Participating B Shares will, as explained above, generally be taxable as income (rather than as a capital gain) for UK tax purposes.

A disposal or deemed disposal of Participating B Shares (whether acquired under the Open Offer or under the Placing or under a subsequent transaction) may give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains and, accordingly, a liability to tax for Qualifying Shareholders who are resident or (in the case of individual Qualifying Shareholders) ordinarily resident for tax purposes in the UK, subject to any reliefs or allowances (including indexation allowance, if appropriate) which may then be available.

In the case of individuals, trustees and personal representatives, indexation allowance is not available and tax on chargeable gains on the disposal of Participating B Shares will be charged at a flat rate of 18 per cent., irrespective of how long the Shares have been held.

A Qualifying Shareholder who is an individual temporarily (broadly speaking, a period of less than five years from date of departure from UK) resident outside the UK for UK tax purposes and who disposes of Participating B Shares during that period may on resuming residence or ordinary residence in the UK be liable to UK taxation on chargeable gains arising during such period of residence outside the UK, subject to any available exemption or relief.

In the case of a Qualifying Shareholder within the charge to corporation tax, in calculating the chargeable gain or allowable loss arising on a disposal of Participating B Shares, indexation allowance will apply to the amount paid for the Participating B Shares only from, generally, the date the subscription monies for the Participating B Shares were payable. Indexation allowance may, where appropriate, reduce or extinguish a gain but it cannot create or increase a loss.

#### **1.4 Certain Other Provisions of UK Tax Legislation**

##### *Section 13 Taxation of Chargeable Gains Act 1992 – Deemed Gains*

Section 13 of the UK Taxation of Chargeable Gains Act 1992 may apply to Qualifying Shareholders who are resident or (in the case of individual Qualifying Shareholders) ordinarily resident for tax purposes in the United Kingdom and whose proportionate interest in the Fund as “participants” for UK tax purposes, together with that of any persons “connected” with them for UK tax purposes, is greater than 10% if (and only if) the Fund would be a “close company” for UK tax purposes were it (hypothetically) resident in the United Kingdom for those purposes. For so long as the Fund remained a “close company”, such a Qualifying Shareholder could (depending on individual circumstances) be liable to UK taxation on chargeable gains in respect of the Qualifying Shareholder’s pro rata share of any chargeable gain accruing to the Fund.

Persons “connected” with a Qualifying Shareholder for UK tax purposes include, where the Qualifying Shareholder is a company, any other company that is under the control of the Qualifying Shareholder, or that has control of the Qualifying Shareholder, or which is under common control with the Qualifying Shareholder. The rules which determine whether the Fund would (if, hypothetically, it were UK tax resident) be a “close company” are complex but are concerned, very broadly, with the degree of concentration of ownership of the Fund’s share capital from time to time.

##### *“Controlled Foreign Companies” Provisions – Deemed Income of Corporates*

If the Fund were at any time to be controlled, for UK tax purposes, by persons (of any type) resident in the United Kingdom for tax purposes, the “controlled foreign companies” provisions in Chapter IV of Part XVII of the Income and Corporation Taxes Act 1988 could apply to UK resident corporate Qualifying Shareholders. Under these provisions, part of any “chargeable profits” accruing to the Fund may be attributed to such a Qualifying Shareholder and may in certain circumstances be chargeable to UK corporation tax in the hands of that Qualifying Shareholder. However, this will apply only if the apportionment to the Qualifying Shareholder, when aggregated with the apportionment to any person(s) “associated” with the Qualifying Shareholder, is at least 25% of the chargeable profits of the Fund. “Associated” here means essentially the same as “connected” means for UK tax purposes, as discussed under *Section 13 Taxation of Chargeable Gains Act 1992* above. A company’s “chargeable profits” do not include any of its chargeable gains. It currently appears that these provisions will be of limited practical relevance to Qualifying Shareholders if, as explained above, the proposed “reporting funds” regime comes into force and, as is currently intended, the Fund elects to enter into that regime.

##### *Chapter 2 of Part 13 of the Income Tax Act 2007 – Deemed Income of Individuals*

The attention of Qualifying Shareholders who are individuals ordinarily resident in the United Kingdom for tax purposes is drawn to the provisions set out in Chapter 3 of Part 13 of the UK Income Tax Act 2007, which may render those individuals liable to UK income tax in respect of undistributed income (but not capital gains) of the Fund. It currently appears that these provisions will be of limited practical relevance to such Qualifying Shareholders if, as explained above, the proposed “reporting funds” regime comes into force and, as is currently intended, the Fund elects to enter into that regime.

## 2. Placing Agreement

The Fund and the Manager has entered into a Placing Agreement with Deutsche Bank AG, London Branch dated 27 May 2009, whereby Deutsche Bank has agreed, conditionally on, amongst other things, Admission taking place not later than 12 August 2009, (or such later date as the Fund and Deutsche Bank may agree, being not later than 1 September 2009) as placement agent for the Fund, to use all reasonable endeavours to procure placees to subscribe for Participating B Shares at the Issue Price with an aggregate value of up to £95 million. Deutsche Bank will not be paid any commission or any fees under the Placing Agreement.

The Placing Agreement contains certain undertakings and warranties given by the Fund in favour of Deutsche Bank (including warranties relating to the accuracy of information in this Circular and the Listing Particulars) and an indemnity given by the Fund in favour of Deutsche Bank. Deutsche Bank may following consultation with the Fund and the Manager terminate the Placing Agreement before Admission in the event of, inter alia, a breach of warranty or a breach of the Fund's material obligations under the Placing Agreement.

## 3. Banking Facilities

### *Revised RBS Facility*

A facility agreement dated 12 July 2007 was entered into by, amongst others, the Fund and RBS. The Facility Agreement has been amended and restated by way of a second supplemental agreement dated 22 May 2009. The total amount of the revised facility is £515,078,000.

The amended facility is divided into three tranches:

|                 | <u>Amount (£)</u> | <u>Final Repayment Date</u> |
|-----------------|-------------------|-----------------------------|
| Tranche A ..... | 357,688,233       | 20 April 2012               |
| Tranche B ..... | 107,389,767       | 20 April 2011               |
| Tranche C ..... | 50,000,000        | 20 April 2012               |

- Tranche A represents the core debt. The maturity of this tranche is April 2012, although this can be extended for a further two years if certain conditions are satisfied. The interest margin on the loan is dependent upon the LTV ratio of the Fund. A higher LTV ratio will lead to a higher interest rate margin;
- Tranche B must be repaid within two years, such repayment to come either from the disposal of property or from the proceeds of the equity raising. The margin, which is the same as for tranche A, increases by 0.5% per annum after the first year; and
- Tranche C is designed to be repaid from the equity issue. The interest margin on this tranche is 8% per annum, which rises to 15% per annum after 12 months from the date on which the second supplemental agreement becomes effective. Of the interest margin, only 3.25% is payable in cash with the balance being deferred (the "**Deferred Margin**") and rolled over until the final repayment date of 20 April 2012 (although there is an option to pay the Deferred Margin early).

There is an option to extend Tranche A of the facility for a further two years subject to the following requirements that must be satisfied by the Fund:

- (a) the financial indebtedness under the facility is less than £350,000,000;
- (b) the LTV ratio is less than 65%;
- (c) the gross interest cover ratio is greater than 175%;
- (d) the balance under Tranche A is 100% hedged for the term of the extension;
- (e) an extension fee of 0.5% of the outstanding facility debt is paid;
- (f) any fees or margin outstanding under the restructured facility is paid in full, and
- (g) there is no default.

The Fund must also pay structuring fees in relation to each of the tranches.

In terms of the proceeds from any equity raising:

- (a) the first £60,000,000 will be used to repay the loans from RBS and Canada Life facilities in a ratio of 5:1 respectively;
- (b) thereafter:
  - (i) up to a maximum of £12,000,000 to satisfy any redemption requests in accordance with the Fund's articles; and
  - (ii) up to a maximum of £4,000,000 for the payment of dividends (if required) for the financial year ended 31 December 2009, such payment not to be made earlier than 1 March 2010.

After (a) and (b) above have been satisfied, 75% of any remaining balance will be used repay RBS and Canada Life facilities in a ratio of 5:1 until such time as the LTV is less than 65% and facility Interest Cover ratio is greater than 175%. Such funds would be used repay Tranche C until fully repaid, then Tranche B and then Tranche A. The proceeds from any disposals of properties by the Fund will first be applied to repaying Tranche B, then to Tranche A, and then to Tranche C.

The proceeds from any rental income will first satisfy servicing of the Loan, and then be used to pay agreed operational costs and works and then, if certain conditions are not satisfied, repay Tranche B, then Tranche A, and finally Tranche C. Such repayment will continue until:

- (a) financial indebtedness under the restructured facility is less than £350,000,000;
- (b) LTV ratio is less than 65%;
- (c) the gross interest cover ratio is greater than 175%;
- (d) any deferred fees or margin outstanding under the restructured Facility is paid in full, and
- (e) there is no default.

The key financial covenants in the Facility Agreement as revised, provide that the Loan to Value ratio covenant will not at any time exceed (i) for Tranches A and B combined, 85% and (ii) for the facility, 90%; that the Facility Interest Cover Percentage (the percentage of net rental income from all properties of the Fund over "Consolidated Net Facility Interest" payable) on Tranches A and B will not be less than 140%; and that the net rental income as a percentage of the facility commitment must be a minimum of 8%.

Any failure by the Fund to pay the 3.25% interest margin requested to be paid under Tranche C on each date that interest is due and payable will result in a default under the facility.

Until the Fund has satisfied certain conditions, including reducing the amount outstanding to below £350m and the LTV being less than 65%, surplus cash generated by the Fund must applied in repayment of the debt. Once these conditions have been satisfied, the loan will revert to paying interest only.

The amended RBS facility requires the Fund to put in place hedging instruments to cover some of the Fund's interest rate risk. The Fund intends to hedge Tranche A by means of three year interest rate swap. A proportion of Tranche B will also be hedged via interest rate caps and interest rate swaps. Tranche C will not be hedged.

The revised facility no longer allows the Fund to drawn down up to 10% of Net Asset Value of the Fund to satisfy redemptions.

#### *Canada Life Facility*

The current Canada Life Facility dated 27 August 2009 (as amended and restated on 2 October 2008) is for the total amount of £150,000,000 and matures on 29 August 2012. There is a LTV ratio covenant of 70% in the current facility, which reduces to 66% on 29 August 2010, although the proposed amended facility would revise this to 29 August 2011. The net rental income must be at least 135% of the interest cost. The interest rate risk on the Canada Life Facility is not currently hedged.

The Board is continuing negotiations with Canada Life to amend its current facility and to seek revised terms, including in relation to a relaxation of the LTV ratio covenants contained therein. The Fund is also continuing to seek a formal waiver in respect of its current breach of the Canada Life Facility.

#### **4. Fees and Expenses**

The Fund has incurred costs and expenses in connection with the proposals described in this Circular, including the proposed Placing and Open Offer, which will be paid out of the gross proceeds of the Placing and Open Offer. Such advisory, legal and other third party costs and expenses are estimated to amount to approximately £500,000.

#### **5. Consent of Advisers**

Each of Deutsche Bank and Tilney Asset Management International Limited has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

#### **6. Documents on Display**

Copies of the following documents may be inspected, during normal business hours on Business Days, at the Fund's registered office from the date of this Circular until the date of the EGM:

- (A) the Fund's existing Articles;
- (B) the form of the Fund's proposed new memorandum and articles of incorporation;
- (C) the Listing Particulars; and
- (D) the Placing Agreement

A copy of the document listed in paragraph (B) shall also be available at the venue of the EGM for at least 15 minutes before, and during, the EGM.

**PART V**  
**DEFINITIONS**

The following definitions apply throughout this Circular unless the context requires otherwise:-

|   |   |
|---|---|
| <b>“Administrator”</b>                          | Northern Trust International Fund Administration Services (Guernsey) Limited.   |
| <b>“Admission”</b>                              | Admission of the Participating B Shares to the Official List and to trading on the Main Market.   |
| <b>“Application Form”</b>                       | the personalised application form relating to the Open Offer sent to Qualifying Shareholders together with the Listing Particulars.   |
| <b>“Articles”</b>                               | the memorandum and articles of incorporation of the Fund as amended or replaced from time to time.  |
| <b>“Auditors”</b>                               | KPMG Channel Islands Limited.   |
| <b>“Business Day”</b>                           | a day other than a Saturday, Sunday, a public holiday or bank holiday in Guernsey.  |
| <b>“Canada Life”</b>                            | Canada Life Limited.  |
| <b>“Circular”</b>                               | the circular to Shareholders dated 27 May 2009 in connection with the Placing and Open Offer and proposed adoption of the new Articles including the notice convening the EGM.        |
| <b>“Class B Rules”</b>                          | the relevant rules governing the operation of open-ended funds as issued by the Commission pursuant to the POI Law.   |
| <b>“Commission”</b>                             | Guernsey Financial Services Commission.   |
| <b>“Companies Law”</b>                          | The Companies (Guernsey) Law 2008, as from time to time amended, consolidated or replaced and every ordinance, act and regulation promulgated thereunder for the time being in force. |
| <b>“Directors” or the “Board”</b>               | the Directors of the Fund from time to time.  |
| <b>“Deutsche Bank”</b>                          | Deutsche Bank A.G. its branches and its global affiliates.  |
| <b>“Extraordinary General Meeting” or “EGM”</b> | the extraordinary general meeting of the Fund to be convened pursuant to the notice set out in Part VI of this Circular (including any adjournment thereof)                           |
| <b>“Excluded Territories”</b>                   | United States, Japan and Republic of Ireland.   |
| <b>“Feeder Funds”</b>                           | The Glanmore Property Accumulation Fund Limited, The Glanmore Property US Dollar Fund Limited, and The Glanmore Property Euro Fund Limited.   |
| <b>“Fund”</b>                                   | The Glanmore Property Fund Limited.   |
| <b>“FSMA”</b>                                   | the UK Financial Services and Markets Act 2000.   |
| <b>“Gross Asset Value”</b>                      | the gross value of the property assets and uninvested cash held by the Fund from time to time.  |

|                                       |   |
|---------------------------------------|---|
| <b>“HMRC”</b> .....                   | Her Majesty’s Revenue and Customs.  |
| <b>“Irish Stock Exchange”</b> .....   | the Irish Stock Exchange Limited.   |
| <b>“ISE Rules”</b> .....              | the listing requirements and procedures of the Irish Stock Exchange for the listing of investment funds, as amended from time to time.  |
| <b>“Issue Price”</b> .....            | the price per B Share at which Participating B Shares are being offered to Qualifying Shareholders pursuant to the Open Offer and to Placees pursuant to the Placing, being a price that represents a 50% discount to the Target NAV.   |
| <b>“Listing Particulars”</b> .....    | the document dated 26 May 2009, comprising Listing Particulars relating to the Fund and in relation to the listing of the Participating B Shares on the Irish Stock Exchange (together with any supplements or amendments thereto).   |
| <b>“Main Market”</b> .....            | the regulated market of the Irish Stock Exchange.   |
| <b>“Manager”</b> .....                | Tilney Asset Management International Limited.  |
| <b>“Net Assets”</b> .....             | the net assets of the Fund from time to time as determined in accordance with the Articles.   |
| <b>“Net Asset Value”</b> .....        | in relation to each Share, the value of all the assets, less all the liabilities of the Fund from time to time as determined in accordance with the Articles, divided by the number of Shares then in issue or deemed to be in issue.   |
| <b>“Nominal Share”</b> .....          | a redeemable preference share in the capital of the Fund of 0.01 pence nominal value issued as a nominal share in accordance with the provisions of the Articles.   |
| <b>“Official List”</b> .....          | the Official List of the Irish Stock Exchange.  |
| <b>“Open Offer”</b> .....             | the offer of Participating B Shares to Qualifying Shareholders being an invitation to subscribe for a specified value in pounds sterling at the Issue Price of Participating B Shares in proportion to their percentage holding in the Fund as at the Record Time on the terms and subject to the conditions set out in the Listing Particulars and the Application Form. |
| <b>“Participating Shares”</b> .....   | the existing class of participating redeemable preference shares of 0.01 pence each in the capital of the Fund.   |
| <b>“Participating B Shares”</b> ..... | B participating redeemable preference shares of 0.01 pence each in the capital of the Fund, having the rights and restrictions as set out in the proposed new Articles.   |
| <b>“Placees”</b> .....                | the persons with whom a conditional placing of Participating B Shares (subject, where applicable, to the entitlements of Shareholders under the Open Offer) has been or will be made.   |
| <b>“Placing”</b> .....                | the conditional placing of the Participating B Shares, subject to the entitlements of Shareholders under the Open Offer.  |
| <b>“Placing Agreement”</b> .....      | the conditional agreement dated 27 May 2009 between the Fund and Deutsche Bank relating to the Placing described in Part II of this Circular.   |

|                                  |   |
|----------------------------------|---|
| <b>“POI Law”</b>                 | the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended).   |
| <b>“Portfolio”</b>               | the properties held by the Fund from time to time.  |
| <b>“Proxy Form”</b>              | the form of proxy for use at the EGM which accompanies this Circular.   |
| <b>“Qualifying Shareholders”</b> | the Shareholders on the register of members of the Fund at the Record Time (except those resident in the Excluded Territories).   |
| <b>“RBS”</b>                     | Royal Bank of Scotland plc  |
| <b>“Record Date”</b>             | 22 May 2009.  |
| <b>“Record Time”</b>             | 5.00 p.m. on the Record Date.   |
| <b>“Resolution”</b>              | the special resolution to be proposed at the EGM as set out in the notice of EGM set out in Part VI of this Circular.   |
| <b>“Shareholder”</b>             | a person who is registered as the holder of Participating Shares and/or Participating B Shares in the Fund, as the context permits.   |
| <b>“Shares”</b>                  | the Participating Shares and/or the Participating B Shares, as the context requires.  |
| <b>“Sterling”, “£” or “GBP”</b>  | pounds sterling, the currency of the United Kingdom.  |
| <b>“Subscription Day”</b>        | Wednesday of each week or, if not a Business Day, the next following Business Day, or such other and/or additional day or days as may from time to time be determined by the Directors in consultation with the Manager.  |
| <b>“Target NAV”</b>              | the net asset value as at 31 July 2009 (being the Valuation Date for July 2009) being the value of all the assets, less all the liabilities of the Fund calculated in accordance with the Articles, divided by the number of Shares then in issue or deemed to be in issue. |
| <b>“Valuation Date”</b>          | the close of business on the last Business Day of each month or such other day as may from time to time determined by the Directors.  |
| <b>“Valuers”</b>                 | King Sturge LLP and Lambert Smith Hampton Limited.  |

**PART VI**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

of

**THE GLANMORE PROPERTY FUND LIMITED**

(A company incorporated with limited liability in Guernsey and registered on 8<sup>th</sup> November 1996  
(Registered Number 31660))

**NOTICE IS HEREBY GIVEN** that an **EXTRAORDINARY GENERAL MEETING** (the “**EGM**”) of The Glanmore Property Fund Limited (the “**Company**”) will be held at 11.00 a.m. on 23 June 2009 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, Guernsey, GY1 2JA for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

**THAT:**

Subject to and conditional upon the passing of the resolution of each of The Glanmore Property Accumulation Fund Limited, The Glanmore Property Euro Fund Limited and The Glanmore Property US Dollar Fund Limited (the “**Feeder Funds**” and each a “**Feeder Fund**”) to (i) increase the authorised share capital of the relevant Feeder Fund; (ii) adopt new articles of incorporation for the relevant Feeder Fund; (iii) authorise the issue of participating redeemable shares in the relevant Feeder Fund at a discount to net asset value; and (iv) authorise the directors of the relevant Feeder Fund to take all steps necessary to implement the open offer of new shares being proposed by each of the Feeder Funds, each such resolution being proposed at extraordinary general meetings of each of the Feeder Funds, in each case, to be held on 22 June 2009:

- (A) the authorised share capital of the Company be and is hereby increased from £10,000 to £20,000 by the creation of an additional 100,000,000 unclassified shares of 0.01 pence each in the capital of the Company, which such unclassified shares may be issued as either nominal shares of 0.01 pence each or participating redeemable preference shares of any class, including B participating redeemable preference shares (“**Participating B Shares**”), with such Participating B Shares having attached the rights and privileges and being subject to the limitations and restrictions set out in the new articles of incorporation of the Company as approved by the members of the Company and adopted pursuant to paragraph (B) of this resolution;
- (B) the regulations contained in the document produced to the EGM and signed by the Chairman for the purposes of identification be and are hereby approved and adopted as the articles of incorporation of the Company in substitution for and to the exclusion of all existing articles of incorporation of the Company;
- (C) the issue of the Participating B Shares at a price per share that is less than the sum calculated in accordance with Article 19(1) of the new articles of incorporation of the Company as approved by the members of the Company and adopted pursuant to paragraph (B) of this resolution for purposes of the placing and open offer of Participating B Shares, as more fully described in a circular to holders of participating redeemable preference shares in the Company dated 27 May 2009 (the “**Circular**”) only, be and is hereby approved; and
- (D) the directors of the Company be authorised to take all steps necessary to give effect to the proposals relating to the placing and open offer of Participating B Shares as more fully described in the Circular, including where necessary, amending the prospectus of the Glanmore Property Fund Limited to reflect the proposed new articles of incorporation of the Company as approved by the members of the Company and adopted pursuant to paragraph (B) of this resolution.

By order of the Board

For and on behalf of  
Northern Trust International Fund Administration Services (Guernsey) Limited  
Company Secretary

Date: 27 May 2009

Registered office:  
Trafalgar Court,  
Les Banques, St Peter Port,  
Guernsey GY1 3QL

**Notes:  
Proxies**

A member entitled to attend and vote at a general meeting of the Company is entitled to appoint one or more proxies to attend and vote at the meeting on behalf of that member. A proxy may be an individual or body corporate who is not required to be a member of the Company. A member who is entitled to cast two or more votes at the meeting may appoint two proxies.

The member may direct the member's proxy as to how to vote on the proposed resolution by following the instructions on the proxy form that accompanies this Notice of Meeting (the "**Proxy Form**").

If the member appointing the proxy:

- directs the proxy as to how to vote on a proposed resolution, then the proxy may vote on that resolution only in the way directed;
- does not direct the proxy as to how to vote on a proposed resolution, then the proxy may vote on that resolution as the proxy thinks fit.

If a member appoints the chairman of the meeting as their proxy and does not direct the Chairman as to how to vote on a proposed resolution, then, if a poll is called on that resolution, the Chairman will vote as proxy for that member in favour of that resolution. The Chairman as proxy for that member will vote or abstain as he thinks fit in relation to all other business of the meeting.

If you wish to appoint a proxy, you must complete the proxy form accompanying this Notice of Meeting and return the completed Proxy Form to the Fund's Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited by:

- hand delivery or post to Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL
- facsimile to +44 (0) 1481 745181

Duly completed proxies (and the power of attorney or any other supporting documents) under which it is signed or a notarially certified copy of such power or authority must be received by the Company at an address or facsimile number as specified above by not less than forty-eight hours before the time appointed for holding the meeting. Proxies received after that time will not be effective for the scheduled meeting. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve months from such date.

Return of a completed Proxy Form will not preclude a member from attending and voting personally at the meeting.

**Corporate representatives**

Any corporation which is a member of the Company may by resolution of its directors or other governing body or officers authorised by such body authorise such person as it thinks fit to act as its representative at any meeting of any class of members of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. The representative should bring to the meeting evidence of his or her appointment, including the authority under which the appointment is signed, unless that evidence has previously been given to the Company.

**Quorum**

The quorum for a meeting of members is two or more members present in person or by proxy holding at least one twentieth of the issued share capital between them.

**Postponement of meeting**

If, within half an hour from the appointed time for the meeting, a quorum is not present, then the meeting will be adjourned to 11.00 am (Guernsey time) on the 30 June 2009 at the same address (or such time and date as the Chairman may determine). At that meeting, those members present in person or by proxy will form a quorum whatever their number and the number of units held by them.

**Requisite Majority**

A majority of not less than 75% of the total number of votes cast is required to pass a special resolution. A simple majority of the total number of votes cast is required to pass an ordinary resolution.

## APPENDIX I: LISTING PARTICULARS