

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Offer and/or any action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or if not, from another appropriately authorised independent person.

If you have sold or otherwise transferred all of your Bennet Property Shares, please forward this document, together with the accompanying documents and reply-paid envelope, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in, into or from the United States, Australia, Canada or Japan.

Mazars Corporate Finance Limited, which is regulated in the United Kingdom by The Financial Services Authority, is acting exclusively for Pye Properties and no one else in connection with the Offer and will not be responsible to anyone other than Pye Properties for providing the protections afforded to customers of Mazars Corporate Finance Limited nor for giving advice in relation to the Offer or in relation to the contents of this document or any transaction or arrangement referred to herein.

Bishop Fleming, which is regulated in the United Kingdom by The Financial Services Authority, is acting exclusively for Bennet Property PLC and no one else in connection with the Offer and will not be responsible to anyone other than Bennet Property PLC for providing the protections afforded to customers of Bishop Fleming nor for giving advice in relation to the Offer or in relation to the content of this document or any transaction or arrangement referred to herein.

RECOMMENDED OFFER

by

Pye Properties plc

a wholly owned subsidiary of UK Land Limited

to acquire the whole of the issued share capital of

Bennet Property PLC

Your attention is drawn to the letter from the Chairman of Bennet Property PLC, which is set out in Part 1 of this document, which includes the unanimous recommendation of Bennet Property PLC's directors that you accept the Offer.

This document should be read in conjunction with the accompanying Form of Acceptance. The procedure for accepting the Offer is set out in paragraph 12 of Part 2 of this document and in the accompanying Form of Acceptance. To accept the Offer you should complete the enclosed Form of Acceptance in accordance with the instructions printed thereon. The completed Form of Acceptance, together with your share certificate(s) and other documents of title should be returned by post or (during normal business hours) by hand to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and in any event so as to be received by no later than 3.00 p.m. on 11 August 2008. A reply-paid envelope for use within the UK is enclosed for your convenience.

The availability of the Offer to persons not resident in the UK may be affected by the laws of the relevant jurisdiction. Persons who are not resident in the UK should obtain advice and observe any applicable requirements. The Offer is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex or telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Australia, Canada or Japan and the Offer will not be capable of acceptance by any such means, instrumentality or facility from within the United States, Australia, Canada or Japan. Accordingly, copies of this document and the Form of Acceptance and any other documents related to the Offer are not being, and must not be, mailed or otherwise distributed or sent in or into the United States, Australia, Canada or Japan and persons receiving such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from these jurisdictions as doing so may render invalid any purported acceptance of the Offer by persons in any such jurisdiction. Further information for overseas shareholders is set out in paragraph 7 of Part B of Appendix 1 to this document.

The Loan Notes have not been, nor will they be, registered under the Securities Act or any of the relevant securities laws of any state of the United States, Australia, Canada or Japan. Accordingly the Loan Notes may not (unless an exemption under relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Australia, Canada or Japan or for the account or benefit of any person located in the United States, Australia, Canada or Japan or any US Person.

All Bennet Property Shareholders (including, without limitation, any nominee, trustee or custodian) who would, or otherwise intend to, or who may have a contractual or legal obligation to, forward this document and/or the accompanying Form of Acceptance to any jurisdiction outside the UK should read the aforementioned paragraph before taking any action.

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DEFINITIONS

Acquisition	the proposed acquisition of the entire issued share capital of Bennet Property by Pye Properties pursuant to the Offer
Atisreal	Atisreal Limited, Bennet Property's commercial property valuer
Bank of Scotland	Bank of Scotland plc
Bennet Property or Company	Bennet Property PLC
Bennet Property Board or Bennet Property Directors	the board of directors of Bennet Property
Bennet Property Group	Bennet Property, its subsidiaries and subsidiary undertakings
Bennet Property Shareholders	holders of Bennet Property Shares
Bennet Property Shares	the issued and fully paid ordinary shares of £1 each in the capital of Bennet Property
Bishop Fleming	Bishop Fleming, regulated in the United Kingdom by the Financial Services Authority, the Rule 3 Adviser to Bennet Property under the City Code in relation to the Offer
Code, Takeover Code or City Code	The City Code on Takeovers and Mergers issued by the Panel
Companies Act or Act	the Companies Act 1985 (as amended)
Facilities Agreement	the facilities agreement dated 21 July 2008 between Pye Properties and Bank of Scotland plc providing for the loan and loan note guarantee facilities to be made available to Pye Properties, details of which are set out in paragraph 7 of Part 2 and paragraph 7 of Appendix 5 of this document
First Closing Date	the first closing date of the Offer, being 11 August 2008
Form of Acceptance	the form of acceptance and authority relating to the Offer accompanying this document
FSA	The Financial Services Authority
James Cowper	James Cowper, Bennet Property's financial adviser in relation to the Offer
Loan Note Alternative	the alternative whereby Bennet Property Shareholders (other than certain Overseas Person)

	may elect to receive Loan Notes in exchange for Bennet Property Shares instead of receiving the cash consideration to which they would otherwise be entitled under the Offer
Loan Notes	the floating rate guaranteed unsecured loan notes of Pye Properties to be issued pursuant to the Loan Note Alternative, particulars of which are set out in Appendix 4
Mazars Corporate Finance	Mazars Corporate Finance Limited, regulated in the United Kingdom by the Financial Services Authority, financial adviser to Pye Properties
Offer Period	as defined in paragraph 6C of Part B of Appendix 1 to this document
Offer	the recommended offer made by Pye Properties to acquire the Bennet Property Shares on the terms and subject to the conditions set out in this document including, where the context permits or so requires, any subsequent revision, variation, extension or renewal of such offer
Overseas Persons	as defined in paragraph 7A of Part B of Appendix 1 to this document
Panel	the Panel on Takeovers and Mergers
Pye Properties	Pye Properties plc of Wormstall, Wickham, Newbury, Berkshire RG20 8HB, a public company limited by shares incorporated and registered in England and Wales
Pye Properties Board or Pye Properties Directors	the board of directors of Pye Properties
Regulatory Information Service	a service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website
Securities Act	the United States Securities Act of 1933 (as amended)
UK	the United Kingdom of Great Britain and Northern Ireland
UK Land	UK Land Limited, the holding company of Pye Properties
UK Land Group	UK Land, its subsidiaries and subsidiary undertakings

United States or US

the United States of America, its territories and possessions, the District of Columbia, and all other areas subject to its jurisdiction

US Person

a US person as defined in Regulation S under the Securities Act

Further details of the Loan Note Alternative and the Loan Notes are set out in the letter from Pye Properties in Part 2 of this document and Appendix 4.

The Bennet Property Shares will be acquired by Pye Properties fully paid, free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including voting rights and, without limitation, the right to receive and retain in full all dividends, interests and other distributions (if any) declared, made or paid on or after the date of this document.

3. Background to and reasons for recommending the Offer

Bennet Property was founded in 1934 and has carried out business principally as a commercial and residential real estate investor. It was a private limited company until in 1997 it re-registered as a public limited company, but the shares are not and never have been quoted on any stock exchange.

As I noted in the Chairman's Statement dated 10 April 2008 accompanying the Report and Consolidated Financial Statements for the year ended 31 December 2007, the Bennet Property Directors have been examining the possible alternatives open to Bennet Property for its future, having formed the view that Bennet Property did not have excellent prospects in the future if it continued on its own account. The property portfolio now comprises 14 properties. It is increasingly difficult to operate a small property company on a cost effective basis against the background of increasing costs.

In accordance with the strategy announced previously in the Annual Report for the year ended 31 December 2007, the Bennet Property Group has sold three properties since the end of the last financial year for a total gross consideration of approximately £4,017,500, the largest of which was Heathervale House, which sale completed on 9 July 2008 for a gross consideration of £2,425,000. Some of the proceeds from this sale have been used to redeem the mortgage in respect of this property. We are in the process of redeeming further mortgages. The remaining 14 properties in the portfolio have been valued by Atisreal on 7 July 2008 at an aggregate market value of £23,950,000 before taking into account the tax liability which would arise on the sale of these properties. The letter from Atisreal setting out Atisreal's valuation of the Bennet Property Group's property portfolio and the basis of, and assumptions used in, arriving at that valuation, is set out in Appendix 6. The full report is available for inspection (see paragraph 11 of Appendix 5).

I mentioned in the Chairman's Statement that one alternative was to endeavour to find a property company which would be prepared to make a cash offer for all the shares in Bennet Property and informed shareholders that there were some negotiations in hand and that I expected to be in a position to write to you further concerning the negotiations within the next month or two.

Against this background the Bennet Property Board decided to explore the approach from Pye Properties and although negotiations have taken longer than anticipated due to the economic climate, the current turbulent state of the property market and the complexity of current legislation, I am happy to advise that those negotiations have culminated in the Offer from Pye Properties.

The Offer price of £30.00 per Bennet Property Share being recommended represents a discount of approximately 4% on pro-forma net asset value per Bennet Property Share, after taking into account the implied deferred tax liability.

The Bennet Property Directors consider that for an unquoted company without a ready market in its shares the Offer represents the best route by which Bennet Property Shareholders may realise the value of their investment in Bennet Property. The price offered is also more than twice the value received in the only single off-market trade recorded this year, after excluding transfers at nil value as gifts. The Bennet Property Directors believe that the Offer represents an attractive alternative to the continued piecemeal disposal of the Company's property assets and the return of cash to shareholders by way of dividends or the liquidation of Bennet Property, as neither alternative provides certainty as to when cash will be returned to shareholders or the amount that might be realised and they are both

likely to be less tax efficient overall. In addition, the Bennet Property Directors believe that the Loan Note Alternative may be attractive to some Bennet Property Shareholders.

The Bennet Property Directors have all given irrevocable undertakings to accept the Offer in respect of their shareholdings (see paragraph 5 below) and, as set out in paragraph 12 below, unanimously recommend that Bennet Property Shareholders accept the Offer.

4. Directors, management and employees of Bennet Property

Upon or after the Offer being declared unconditional in all respects, all of the current Bennet Property Directors will resign. No compensation will be paid to the current Directors for loss of office as directors.

The only executive Director of Bennet Property is Mr David Michael Charles, who is employed, on a part time basis, as Bennet Property's Managing Director. Mr Charles has agreed to accept voluntary redundancy from his employment with Bennet Property conditional upon the Offer becoming or being declared unconditional in all respects. Mr Charles is entitled to 24 months' notice (or payment in lieu of notice) to terminate his employment. However, Mr Charles' employment will terminate automatically on 13 April 2009 (his 65th birthday). Accordingly, a redundancy payment will be made to Mr Charles upon the termination (through voluntary redundancy) of his employment equal to the salary payable to him in the period from the date of termination of his employment until 13 April 2009, together with his accrued holiday entitlement from 1 January 2008 to the date of termination. Mr Charles' current salary is £51,170 per annum.

Mr Charles' contract of employment was varied on 6 June 2008 to provide for a one-off payment of £20,000 in recognition of the additional work Mr Charles has been required to carry out in connection with the Offer, which is in addition to his normal duties. This payment does not affect the amount of the redundancy payment to which Mr Charles will be entitled referred to above.

Mr Charles also participates in the Bennet Property Directors' bonus scheme (see below).

All the other Bennet Property Directors (me, Mr Hawkes and Mr Oram) are non-executive directors and do not have written contracts. I, as Chairman, am paid £5,350 per annum and each of Mr Hawkes and Mr Oram £2,665 per annum. Each of the non-executive directors will continue to be paid fees at the same rate up to the date that they resign as a Director of Bennet Property.

The Bennet Property Directors also participate in a bonus scheme. Each Bennet Property Director's proportionate entitlement to the bonus pool is calculated by reference to the proportion that director's basic salary formed of the total amount of all the directors' basic salaries in the year 2000. The total bonus payment to Bennet Property Directors for the year ended 31 December 2007 was £115,401, which was paid on 23 June 2008 (in accordance with resolution 3 of Bennet Property's annual general meeting held on 23 June 2008).

Bennet Property has only one other employee, Mrs R Charles, who is employed as a part-time secretary and personal assistant to the Managing Director. Mrs Charles has also agreed to accept voluntary redundancy from her employment with Bennet Property on the date that the Bennet Property Directors are to resign, following the Offer becoming or being declared unconditional in all respects. Mrs Charles is entitled to six months' notice of termination under her contract, and will be paid six months' wages with her accrued holiday entitlement as a redundancy payment.

5. Irrevocable undertakings to accept the Offer

The Bennet Property Directors, together with certain other Bennet Property Shareholders, have given irrevocable undertakings to Pye Properties to accept the Offer in respect of a total of 220,659 Bennet Property Shares (representing approximately 28.5 per cent. of the issued share capital of Bennet Property). The Bennet Property Shares in respect of which the Bennet Property Directors have given irrevocable undertakings represent each Bennet Property Director's entire holding of Bennet Property

Shares. These undertakings remain binding, even if a higher competing offer is announced by a third party, unless the Offer is withdrawn or lapses.

Further details of these irrevocable undertakings are set out in paragraph 3 of Appendix 5 to this document.

6. Other Information

I have noted in paragraph 3 above the property transactions that have taken place since the start of the financial year. With the exception of the sale of the three properties noted and movements in the market value of the properties held by the Bennet Property Group, which, based upon the valuation carried out by Atisreal on 7th July 2008, shows that our remaining portfolio of investment properties held as fixed assets has fallen in value by 9.5% since the last valuation, there have been no other material changes to the financial position of the Bennet Property Group.

7. Taxation

Your attention is drawn to paragraph 11 of Part 2 of this document which contains a general guide to the United Kingdom tax implications for Bennet Property Shareholders resident and ordinarily resident in the United Kingdom who validly accept the Offer. If you are in any doubt as to your own tax position, or if you are subject to taxation in a jurisdiction outside the United Kingdom, you should immediately consult an appropriately authorised independent professional adviser.

8. Overseas Bennet Property Shareholders

Overseas Bennet Property Shareholders should refer to paragraph 12 of the letter from Pye Properties set out in Part 2 and paragraph 7 of Part B of Appendix 1 to this document which contains important information for such Bennet Property Shareholders.

9. Compulsory acquisition and re-registration

If Pye Properties receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the Bennet Property Shares to which the Offer relates and the Offer becomes or is declared unconditional in all respects, Pye Properties intends to exercise its rights pursuant to the provisions of sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Bennet Property Shares not acquired or agreed to be acquired pursuant to the Offer or otherwise.

Assuming that the Offer becomes or is declared unconditional in all respects Pye Properties will seek to procure the re-registration of Bennet Property as a private company under the relevant provisions of the Companies Act.

10. Further Information

Your attention is drawn to the letter from Pye Properties set out in Part 2 of this document and to Appendices 1 to 6 to this document and the accompanying Form of Acceptance.

11. Action to be taken to accept the Offer

Your attention is drawn to paragraph 12 of the letter from Pye Properties set out in Part 2 of this document, paragraphs B and C of Appendix 1 to this document and to the Form of Acceptance, which, together, set out the procedure for acceptance of the Offer.

In order to accept the Offer in respect of Bennet Property Shares you should complete and sign (such signature, in the case of a Bennet Property Shareholder who is an individual, to be made in the presence of an independent witness who should also add his or her signature) and return the accompanying Form of Acceptance together with your definitive share certificate(s) and/or other document(s) of title to be received by post or (during normal business hours) by hand to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible and in any event so as to be received by no later than 3.00 p.m. on 11 August 2008. A reply-paid envelope accompanies this document for your use within the United Kingdom only.

If you have any questions as to how to complete the Form of Acceptance (or wish to request additional Forms of Acceptance), please contact Neville Registrars on 0121 585 1131 or, if telephoning from outside the United Kingdom on +44 121 585 1131. This helpline is available from 9.00 a.m. to 5.00 p.m. Monday to Friday (except UK public holidays).

12. Recommendation

The Bennet Property Directors, who have been so advised by Bishop Fleming, consider the terms of the Offer to be fair and reasonable so far as Bennet Property Shareholders are concerned. In providing advice to the Bennet Property Directors, Bishop Fleming has taken into account the commercial assessments of the Bennet Property Directors and the valuations of Bennet Property's properties by Atisreal.

Accordingly, the Bennet Property Directors unanimously recommend that Bennet Property Shareholders accept the Offer, as all Bennet Property Directors have irrevocably undertaken to do in respect of their entire beneficial holdings of Bennet Property Shares.

Your decision will depend, *inter alia*, upon your individual circumstances. If you are in any doubt as to the action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

Yours faithfully
KJ Tilley
Chairman
Bennet Property PLC

PART 2 – LETTER FROM THE CHAIRMAN OF PYE PROPERTIES

PYE PROPERTIES plc

(Incorporated and registered in England & Wales under the Companies Act 1985 with registered number 5641425)

Directors:
Colin Tett *Chairman*
Victoria Tett *Director*

Registered Office:
Wormstall
Wickham
Newbury
Berkshire
RG20 8HB

21 July 2008

To Bennet Property Shareholders

Dear Sir/Madam

Recommended offer for Bennet Property PLC by Pye Properties plc

1. Introduction

On 21 July 2008, the Pye Properties Board and the Bennet Property Board announced that Pye Properties and Bennet Property had reached agreement on the terms of a recommended offer to be made by Pye Properties to acquire the entire issued share capital of Bennet Property. The Offer values the entire issued share capital of Bennet Property at £23,210,610.

This letter and Appendix 1 to this document contain the formal Offer and the terms and conditions of the Offer and should be read in conjunction with the accompanying Form of Acceptance.

Your attention is drawn to the letter of recommendation from the Bennet Property Directors, contained in Part 1 of this document, which explains why the Bennet Property Directors, who have been so advised by Bishop Fleming, consider the terms of the Offer to be fair and reasonable and why the Bennet Property Directors are unanimously recommending Bennet Property Shareholders to accept the Offer.

Please read carefully paragraph 12 below which sets out the procedures for acceptance of the Offer. Your attention is drawn, in particular, to the conditions and further terms of the Offer set out in Appendix 1 to this document and in the Form of Acceptance which accompanies this document. Your attention is also drawn to the financial and other information on Pye Properties, UK Land and Bennet Property contained in the Appendices to this document.

To accept the Offer, you must complete and return the accompanying Form of Acceptance as soon as possible and, in any event, so as to be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA not later than 3.00 p.m. on 11 August 2008. A reply paid envelope is enclosed for your use in the United Kingdom. Bennet Property Shareholders should read the procedure for acceptance of the Offer set out in paragraph 12 of this letter.

2. The Offer

Pye Properties hereby offers to acquire, on the terms and subject to the conditions set out or referred to in Appendix 1 to this document and in the accompanying Form of Acceptance, all of the Bennet Property Shares on the following basis:

For every Bennet Property Share

£30.00 in cash

Loan Note Alternative

Bennet Property Shareholders who accept the Offer may elect to receive Loan Notes instead of some or all of the cash consideration to which they would otherwise be entitled on the following basis:

For each £1 in cash under the Offer

£1 nominal of Loan Notes

Further details of the Loan Note Alternative and the Loan Notes are set out below and in Appendix 4 to this document.

The Bennet Property Shares will be acquired by Pye Properties fully paid, free from all liens, charges, equitable interests and encumbrances and other third party interests of whatever nature and together with all rights attaching thereto on or after 21 July 2008, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid thereafter.

The first closing date of the Offer is 3.00 p.m. on 11 August 2008. In any event, the Offer must become unconditional as to acceptances by midnight on 19 September 2008.

The conditions and further terms of the Offer are set out in Appendix 1 to this document and in the enclosed Form of Acceptance.

3. The Loan Note Alternative

Certain Overseas Persons, as set out in paragraph 12 below, will not be entitled to elect to receive Loan Notes and will only be entitled to receive the cash consideration payable under the Offer.

The Loan Notes, which will be governed by English law, will be unsecured obligations of Pye Properties and will be issued, credited as fully paid, in integral multiples of £1 nominal value. The Loan Notes will bear interest (from the date of issue to the relevant holder) payable, subject to any requirement to deduct tax therefrom, six monthly in arrears on 30 June and 31 December or, if not a business day, on the first business day thereafter) in each year up to and including 30 June 2018. Interest will be payable at a rate of 0.2% per annum below the prevailing base rate of Bank of Scotland. The first interest payment will be made on 31 December 2008 in respect of the period up to (but excluding) that date.

The Loan Notes will be redeemable at par (together with accrued interest) at the option of each holder, as to the whole or any part (being £1,000 in nominal amount or any integral multiple thereof) of his holding on 30 June 2009 and on any subsequent interest payment date on not less than 30 days' written notice. If at any time less than £1,000,000 in nominal value of Loan Notes remain outstanding, Pye Properties shall have the right on any interest payment date falling on or after 30 June 2009 to repay all of the outstanding Loan Notes at par together with accrued interest. Any Loan Notes outstanding on 30 June 2018 will be redeemed in full at par (together with accrued interest) on that date.

The repayment of the principal amount of the Loan Notes is guaranteed by Bank of Scotland. The payment of interest on the Loan Notes up to an amount equal to six months interest at the rate of 4.8% per annum (being 0.2% below the Bank of Scotland base rate on the day prior to the date of this document) is also guaranteed by Bank of Scotland. This means that, if interest on the Loan Notes is payable at any time at a rate in excess of 4.8% per annum, holders of the Loan Notes will be entitled to payment of interest by Pye Properties at that higher rate, but that payment of interest would only be guaranteed by Bank of Scotland up to an amount equal to interest calculated at 4.8% per annum. The limitations which apply to the liability of Bank of Scotland under the guarantee are set out in paragraph 6 of Appendix 4 to this document.

The Loan Notes will not be transferable. No application has been made, nor is intended to be made, for the Loan Notes to be listed or dealt in on any stock exchange. This being the case, the Loan

Notes will be an illiquid investment that cannot be traded on a public market. The Loan Notes will be redeemable as described below.

The rights attached to the Loan Notes will be such as to make the Loan Notes (under current legislation and HM Revenue & Customs practice) non-qualifying corporate bonds for individuals and other holders who are not liable to corporation tax.

The Loan Note Alternative is conditional on the Offer becoming unconditional in all respects. Further particulars of the terms of the Loan Notes are set out in Appendix 4 to this document.

Mazars Corporate Finance has advised Pye Properties that, based on market conditions on 18 July 2008 (the last practical date prior to the announcement of the Offer), its estimate of the value of the Loan Notes (had they been in issue on that date) would have been not less than 98p per £1 nominal value.

4. Further terms of the Offer

The Offer is being made in accordance with the requirements of the City Code and is subject to the terms and conditions set out in Appendix 1 to this document and in the Form of Acceptance.

5. Irrevocable undertakings

The Bennet Property Directors, together with certain Bennet Property Shareholders, have given irrevocable undertakings to Pye Properties to accept the Offer in respect of a total of 220,659 Bennet Property Shares (representing approximately 28.5 per cent. of the issued share capital of Bennet Property). The Bennet Property Shares in respect of which the Bennet Property Directors have given irrevocable undertakings represent each Bennet Property Director's entire holding of Bennet Property Shares. These undertakings remain binding, even if a higher competing offer is announced by a third party, unless the Offer is withdrawn or lapses.

Further details of these irrevocable undertakings are set out in paragraph 3 of Appendix 5 to this document.

6. Information on Pye Properties, UK Land and Colin Tett

Pye Properties is a wholly owned subsidiary of UK Land Limited, a private limited company registered in England and Wales which is wholly owned by me, Colin Tett, and members of my immediate family. The assets of UK Land Limited and its subsidiaries comprise residential and commercial property investments, unquoted shares and interests in property joint ventures.

I own 990 of the 1,000 issued Founder Shares of 10 pence each in UK Land. The remaining 10 Founder Shares are owned by my wife Mrs V R Tett. The 8,000 issued Ordinary Shares of 10 pence each in UK Land are owned by Mrs V R Tett and by our children, Mrs J E Kidston, Mr H G M Tett and Mr F F J Tett. The Founder Shares carry 10 votes per share and have preferential rights in the case of the liquidation of, or further issue of shares by, UK Land. As a result, I hold 55% of the votes attaching to all the issued shares in the capital of UK Land with Mrs V R Tett holding 12% of the votes and Mrs J E Kidston, Mr H G M Tett and Mr F F J Tett each holding 11% of the votes.

Additional financial information on UK Land Limited and Pye Properties is contained in Appendix 3 of this document.

I am aged 62 and qualified as a chartered accountant in Jersey in 1970 with Barton Mayhew & Co. Whilst with Barton Mayhew & Co, I was seconded to MEPC plc. Following qualification, I worked for Arthur Andersen before joining a private property company. I established my own property business in 1979. Together with Graham Barclay, I acquired Wellington Estates in 1981, from which business the UK Land Group evolved.

Bennet Property provides an opportunity to Pye Properties to enhance its asset base significantly with an attractive portfolio of investment properties. Pye Properties intends to dispose of certain of the

Bennet Property properties in the short term to reduce indebtedness and otherwise to take advantage of opportunities to derive value from the Bennet Property portfolio as and when market opportunities arise. I intend to run Bennet Property as a property investment company.

7. Financing the Offer

The Offer will be fully financed through borrowings from other subsidiaries of UK Land and from me and by way of the facilities to be made available to Pye Properties by Bank of Scotland pursuant to the Facilities Agreement. The Facilities Agreement is conditional, inter alia, upon the receipt by Pye Properties of acceptances in respect of not less than 90 per cent. of the Bennet Property Shares. Further information relating to the Facilities Agreement is set out in paragraph 7A of Appendix 5 to this document. Mazars Corporate Finance is satisfied that resources are available to Pye Properties sufficient to satisfy full acceptance of the Offer.

8. Information on Bennet Property

Further financial information relating to Bennet Property is set out in Appendix 2 to this document.

9. Directors, management and employees

Pye Properties has confirmed to the Bennet Property Board that the existing employment rights of all the management and employees of Bennet Property will be fully safeguarded.

Upon the Offer becoming or being declared unconditional in all respects all of the Bennet Property Directors will resign as directors of Bennet Property and will, where applicable, receive a redundancy payment, details of which are set out in paragraph 4 of Part 1 of this document and in paragraph 7 of Appendix 5.

10. Compulsory acquisition and re-registration

Subject to the Offer becoming or being declared unconditional in all respects, and if sufficient acceptances of the Offer are received and/or Bennet Property Shares are otherwise acquired, Pye Properties intends to apply the provisions of Sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Bennet Property Shares following the Offer becoming or being declared unconditional in all respects.

In addition, subject to the Offer becoming or being declared unconditional in all respects Pye Properties intends to re-register Bennet Property as a private company under the relevant provisions of the Companies Act 1985 as soon as practicable.

11. Taxation

The following paragraphs are intended as a general guide only and summarise advice received by Pye Properties about the UK tax position of shareholders who are resident (and in the case of individuals, ordinarily resident and domiciled) in the UK, holding shares as investments and not as securities to be realised in the course of a trade. Unless otherwise noted the paragraphs below are based on current UK legislation and HM Revenue & Customs practice. The following paragraphs assume that the Finance Bill 2008 will receive royal assent as currently drafted.

Each Bennet Property Shareholder should consult his/her own tax professional about the tax consequences of the Offer and the Loan Note Alternative.

Taxation of capital gains made by Bennet Property Shareholders

(a) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax at a flat rate of 18 per cent of any chargeable gain thereby realised. In computing the chargeable gain, the shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).

In addition, if the disposal qualifies for Entrepreneurs Relief and the shareholder has not used up their lifetime limit of £1 million, the effective tax rate on the gain may be reduced to 10%, to the extent that the lifetime limit of £1 million is not exceeded.

(b) A UK resident corporate shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 21-28 per cent depending on the taxable profits of the shareholder). In computing the chargeable gain liable to corporation tax, the shareholder is entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

In some circumstances, a corporate shareholder may be exempt from corporation tax in relation to its disposal of shares under the Substantial Shareholding Exemption.

(c) If a loss arises on the disposal of shares in an unquoted trading company owned by an individual, such shares being originally acquired on a subscription for new shares, the loss may be relieved against income of that year or the previous year (with priority for relief in the current year where income of both years is utilised). Any loss remaining after claiming relief against income may be available for relief against capital gains in either the current or subsequent years.

Proceeds of sale received in Loan Notes

The tax treatment for shareholders selling their Bennet Property Shares for consideration in the form of Loan Notes as opposed to cash will (assuming the Loan Notes are non-qualifying corporate bonds) mean that the sale of Bennet Property Shares will be treated as an exchange of securities and the Loan Notes will inherit the same tax base as the Bennet Property Shares. In effect, the exchange will not be treated as a disposal of the Bennet Property Shares for tax purposes.

The treatments outlined above are based on the assumption that the provisions of s135 TCGA 1992 (“Exchange of securities for those in another company”) will apply and that HMRC will agree that this transaction is effected for *bona fide* commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is tax avoidance. As referred to below, HMRC has provided clearances in respect of each of these issues.

Taxation of any interest income

(a) UK individual shareholders will pay income tax on any interest receivable at a rate depending on their marginal rate of income tax (20 to 40%). Pye Properties will deduct 20% tax at source, which may be repayable if the individual has insufficient income to trigger an income tax basis.

(b) UK corporate shareholders will pay corporation tax on any interest receivable at a rate depending on their effective rate of corporation tax (21 to 28%).

Inheritance Tax

UK individual shareholders should note that neither cash nor loan notes will qualify for Business Property Relief.

Stamp Duty and Stamp Duty Reserve Tax

No Stamp Duty or Stamp Duty Reserve Tax will be payable by Bennet Property Shareholders as a result of accepting the Offer.

Tax Clearances

Bennet Property Shareholders are advised that clearance has been given by HMRC under section 701 Income Tax Act 2007 (Transactions in Securities) and under section 138 Taxation of Chargeable Gains Act 1992 (Share Exchanges) in respect of the Offer.

Each Bennet Property Shareholder's liability to taxation will depend upon his individual circumstances. Any Bennet Property Shareholder who is in any doubt about his own tax position or who is subject to tax in any jurisdiction other than the UK should consult an appropriate professional adviser about the tax consequences for him of acceptance of the Offer.

12. Procedure for acceptance of the Offer

This paragraph 12 should be read together with Part C of Appendix 1 to this document and the notes on the Form of Acceptance which shall be deemed to be incorporated in and form part of the terms of the Offer.

Holders of Bennet Property Shares may only accept the Offer by completing and returning the enclosed Form of Acceptance in accordance with the procedure set out below. Holders of Bennet Property Shares under different designations should complete a separate Form of Acceptance for each designation.

1. To accept the Offer

To accept the Offer you should complete Boxes 1 and 3 and sign Box 2 and, if applicable, you should also complete Boxes 4 and 5 of the enclosed Form of Acceptance **in the presence of a witness, who should also sign in accordance with the instructions printed therein.**

If you hold Bennet Property Shares under different designations, you should complete a separate Form of Acceptance for each designation.

If you have any questions on how to complete the Form of Acceptance please telephone Neville Registrars on 0121 585 1131 or +44 121 585 1131 if calling from outside the United Kingdom.

2. Return of the Form of Acceptance

To accept the Offer in respect of Bennet Property Shares, all completed Forms of Acceptance, together with your share certificate(s) for such Bennet Property Shares and/or other document(s) of title, should be returned by post or (during normal business hours) by hand to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA **as soon as possible but in any event so as to be received not later than 3.00 p.m. on 11 August 2008.** A reply-paid envelope is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

3. Share certificates not readily available or lost

If your share certificate(s) and/or other document(s) of title in respect of your Bennet Property Shares is/are not readily available or is/are lost, the Form of Acceptance should nevertheless be completed, signed and **returned as stated above so as to arrive not later than 3.00 p.m. on 11 August 2008,** together with any share certificate(s) and/or other document(s) of title that you have available, accompanied by a letter stating that the balance will follow. When available, you should arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible thereafter. No acknowledgement of receipt of documents will be given. In the case of lost share certificates, you should complete the form of indemnity enclosed with this document and return it with the completed Form of Acceptance to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as set out above.

4. Validity of acceptances

Without prejudice to Parts B and C of Appendix 1 to this document, Pye Properties reserves the right to treat as valid any acceptance of the Offer in relation to Bennet Property Shares which is not entirely in order or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other document(s) of title. In that event, no settlement of

the consideration due under the Offer will be made until (as applicable) after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Pye Properties have been received.

5. *Overseas shareholders*

The attention of Bennet Property Shareholders who are citizens or residents of jurisdictions outside the United Kingdom is drawn to paragraph 7 of Part B of Appendix 1 and Part C of Appendix 1 and to the relevant provisions of the Form of Acceptance.

The Offer is not being made directly or indirectly in the United States, Australia, Canada or Japan. The Loan Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered, directly or indirectly, in or into the United States, Australia, Canada or Japan. Any acceptance of the Offer by Bennet Property Shareholders who are unable to give the warranty set out in paragraph C of Part C of Appendix 1 is liable to be disregarded.

The availability of the Offer to persons not resident in the UK may be affected by the laws of the relevant jurisdiction. Overseas shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory without delay.

Pye Properties will make an appropriate announcement if any of the details contained in this paragraph 12 alters for any reason.

If you are in any doubt as to the procedure for acceptance, please contact Neville Registrars by telephone on 0121 585 1131 or +44 121 585 1131 if calling from outside the United Kingdom or at Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

13. Settlement

Subject to the Offer becoming or being declared unconditional in all respects (except as provided in paragraph 7 of Part B of Appendix 1 in the case of certain overseas Bennet Property Shareholders) settlement of the consideration to which any Bennet Property Shareholder is entitled under the Offer will be effected by:

- (a) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of the later of such date and 11 August 2008; or
- (b) in the case of acceptances of the Offer received, complete in all respects after the later of 11 August 2008 and the date on which the Offer becomes or is declared unconditional in all respects but while it remains open for acceptance, within 14 days of such receipt.

Return of certificates if the Offer lapses

If the Offer does not become or is not declared unconditional in all respects the relevant share certificate(s) and/or other document(s) of title will be returned by post (or other such method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address (outside the United States, Australia, Canada and Japan) is set out in Box 5 of the relevant Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address.

All documents and remittances sent by, to or from any Bennet Property Shareholder or their appointed agents will be sent at their own risk.

14. Further information

Your attention is drawn to the further information contained in the Appendices which form part of this document and to the Form of Acceptance.

15. Action to be taken

To accept the Offer you should complete the enclosed Form of Acceptance in accordance with the instructions printed thereon. The completed Form of Acceptance, together with your share certificate(s) and other document(s) of title, should be returned as soon as possible and in any event so as to be received by post or (during normal business hours) by hand by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 3.00 p.m. on 11 August 2008. A reply-paid envelope is enclosed for use in the United Kingdom.

Yours faithfully
Colin Tett
Chairman
Pye Properties plc

APPENDIX 1 – CONDITIONS AND FURTHER TERMS OF THE OFFER

PART A: Conditions of the Offer

The Offer is subject to the following conditions and will comply with the applicable rules and regulations of the City Code:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by not later than 3.00 p.m. (London time) on 11 August 2008 (or such later time(s) and/or date(s) as Pye Properties may, with the consent of the Panel or in accordance with the Code, decide) in respect of not less than 90 per cent. (or such lower percentage as Pye Properties may decide) in nominal value of the Bennet Property Shares to which the Offer relates and of the voting rights carried by the Bennet Property Shares to which the Offer relates, provided that this condition shall not be satisfied unless Pye Properties shall have acquired or agreed to acquire, directly or indirectly, whether pursuant to the Offer or otherwise, Bennet Property Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at general meetings of Bennet Property. For the purposes of this condition:
 - (i) shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on being entered into the register of members of Bennet Property; and
 - (ii) the expressions “Bennet Property Shares to which the Offer relates” shall be construed in accordance with sections 974 to 991 of the Companies Act 2006; and
 - (iii) valid acceptances shall be deemed to have been received in respect of any Bennet Property Shares which Pye Properties shall, pursuant to section 977(1) or sections 979(8) to (10) of the Companies Act 2006, be treated as having acquired or contracted to acquire by virtue of acceptances of the Offer;
- (b) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Bennet Property Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in consequence of the Offer or the proposed acquisition of any shares or other securities in Bennet Property or because of a change in the control or management of Bennet Property or otherwise, would or might result in to an extent that is material in the context of the Wider Bennet Property Group in each case:
 - (i) any moneys borrowed by, or any other indebtedness (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or modified or affected or any obligation or liability arising or any action being taken thereunder;
 - (iii) any assets or interests of any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged otherwise than in each case in the ordinary course of business;

- (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member;
- (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated or adversely modified or affected;
- (vi) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (vii) the creation of any liability, actual or contingent, by any such member otherwise than in the ordinary course of business;

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Bennet Property Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, is likely to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (vii) of this paragraph (b);

- (c) no government or governmental, quasi-governmental, supra-national, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution or any statutory body or person whatsoever in any jurisdiction (each a "Third Party") having decided to take, institute, implement or threaten, and there not continuing to be outstanding, any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to:
 - (i) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture by any member of the Wider Pye Properties Group or any member of the Wider Bennet Property Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof;
 - (ii) require, prevent or delay the divestiture by any member of the Wider Pye Properties Group of any Bennet Property Shares or other securities in Bennet Property;
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Pye Properties Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Bennet Property Group or the Wider Pye Properties Group or to exercise management control over any such member;
 - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Pye Properties Group or of any member of the Wider Bennet Property Group;
 - (v) make the Offer or its implementation or the acquisition or proposed acquisition by Pye Properties or any member of the Wider Pye Properties Group of any shares or other securities in, or control of Bennet Property void, illegal and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge, hinder or interfere therewith;

- (vi) require any member of the Wider Pye Properties Group or the Wider Bennet Property Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Bennet Property Group or the Wider Pye Properties Group owned by any Third Party;
- (vii) impose any material limitation on the ability of any member of the Wider Bennet Property Group to co-ordinate its business, or any part of it, with the businesses of any other members; or
- (viii) result in any member of the Wider Bennet Property Group ceasing to be able to carry on business under any name under which it presently does so;

and all applicable waiting and other time periods (including any extension thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction having expired, lapsed or been terminated;

- (d) all necessary notifications, filings or applications having been made in connection with the Offer and all applicable waiting and other time periods (including any extensions thereof) under any applicable legislation and regulations in any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Offer or the acquisition by any member of the Wider Pye Properties Group of any shares, warrants or other securities in, or control of, Bennet Property and all necessary authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals for the proposed acquisition of any shares, warrants or other securities in, or control of, Bennet Property by any member of the Wider Pye Properties Group having been obtained in terms and in a form satisfactory to Pye Properties from all appropriate Third Parties or persons with whom any member of the Wider Bennet Property Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider Bennet Property Group remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or nor to renew any of the same at the time at which the Offer becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (e) except as publicly announced or Disclosed by Bennet Property prior to 21 July 2008 or as set out or referred to in Bennet Property's annual report and accounts for the year ended 31 December 2007, no member of the Wider Bennet Property Group having, since 31 December 2007:
 - (i) issued or agreed, authorised or proposed the issue of additional shares of any class (other than to Bennet Property and any wholly owned subsidiary of Bennet Property);
 - (ii) issued or agreed, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares and/or warrants or convertible securities (other than to Bennet Property and any wholly owned subsidiary of Bennet Property);
 - (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise (other than to Bennet Property and any wholly owned subsidiary of Bennet Property);
 - (iv) save for transactions in the ordinary course of business, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including

shares and trade investments) or authorised or proposed or announced any intention to propose any such merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest;

- (v) made or authorised or proposed or announced an intention to authorise or to propose any change in its loan capital;
- (vi) issued, authorised or proposed the issue of any debentures or incurred or increased any indebtedness or become subject to any contingent liability;
- (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (viii) implemented, effected or authorised, proposed or announced its intention to implement, effect, authorise or propose any reconstruction, amalgamation or scheme, otherwise than in the ordinary course of business;
- (ix) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract with any director or senior executive of Bennet Property;
- (x) entered into or varied or authorised or proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude (or could be reasonably expected to involve an obligation of such a nature or magnitude) or otherwise than in the ordinary course of business or which is or could be materially restrictive on the businesses of any member of the Wider Bennet Property Group or the Wider Pye Properties Group;
- (xi) proposed any voluntary winding-up of a subsidiary of Bennet Property;
- (xii) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;
- (xiii) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xiv) waived or compromised any claim which is material in the context of the Wider Bennet Property Group taken as a whole;
- (xv) proposed or entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to effect or propose any of the transactions, matters or events referred to in this condition; or
- (xvi) made any material alteration to its memorandum or articles of association or other constitutional documents which is or could reasonably be considered to be material;

and, for the purposes of this condition, the term “Bennet Property Group” shall mean Bennet Property and its wholly-owned subsidiaries;

- (f) since 31 December 2007 and save as Disclosed by Bennet Property prior to 21 July 2008 or as set out or referred to in Bennet Property’s annual report and accounts for the year ended 31 December 2007:
 - (i) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Bennet Property Group is or may become a party (whether as a claimant, plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider Bennet Property Group having been instituted, announced or threatened by or against or remaining outstanding in respect of any member of the Wider Bennet Property Group which in any case might reasonably be expected adversely to affect any member of the Wider Bennet Property Group which is material in the context of the Wider Bennet Property Group taken as a whole;
 - (ii) no contingent or other liability having arisen which would or could reasonably be expected materially and adversely to affect the Wider Bennet Property Group taken as a whole;
 - (iii) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Bennet Property Group which is necessary for the proper carrying on of its business and which is material in the context of the Wider Bennet Property Group taken as a whole; and
 - (iv) no receiver, administrative receiver or other encumbrancer having been appointed over any part of the assets of any member of the Wider Bennet Property Group;
- (g) save as Disclosed, Pye Properties not having discovered:
 - (i) that any financial, business or other information concerning the Wider Bennet Property Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider Bennet Property Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading in each case to an extent that is material in the context of the Offer;
 - (ii) that any member of the Wider Bennet Property Group or any partnership, company or other entity in which any member of the Wider Bennet Property Group has a significant economic interest and which is not a subsidiary undertaking of Bennet Property is subject to any material liability (contingent or otherwise) which is not disclosed in the annual report and accounts of Bennet Property for the year ended 31 December 2007; or
 - (iii) any information which materially affects the import of any information disclosed at any time by or on behalf of any member of the Wider Bennet Property Group which is material in the context of the Wider Bennet Property Group taken as a whole.

For the purposes of these conditions, the “Wider Bennet Property Group” means Bennet Property and its subsidiary undertakings, associated undertakings and any other undertaking in which Bennet Property and/or such undertakings (aggregating their interests) have a significant interest, the “Wider Pye Properties Group” means Pye Properties and its subsidiary undertakings, associated undertakings and any other undertaking in which Pye Properties and/or such undertakings (aggregating their interests) have a significant interest (and for these purposes “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Act, other than paragraph 20(1)(b) of Schedule 4A to the Act which shall be excluded for this purpose, and “significant interest” means a direct or indirect interest in 20 per cent. or more of the equity share capital (as defined in the Act)).

For the purposes of these conditions, "Disclosed" means publicly announced or disclosed in writing (including, without limitation, by email or other electronic form) to Pye Properties with reasonable detail, including provision of information by or on behalf of Bennet Property in connection with the Offer prior to 21 July 2008.

Subject to the requirements of the Panel, Pye Properties reserves the right to waive, in whole or in part, all or any of the above conditions, except condition (a).

Conditions (b) to (g) (inclusive) must be fulfilled or (if capable of waiver) waived, or where appropriate, have been determined by Pye Properties to be or to remain satisfied by midnight on the 21st day after the later of the first closing date of the Offer and the date on which the Offer becomes or is declared unconditional as to acceptances (or such later date as the Panel may agree). Pye Properties shall be under no obligation to waive or treat as satisfied any of conditions (b) to (g) (inclusive) by a date earlier than the latest date specified above for the satisfaction thereof, notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

If Pye Properties is required by the Panel to make an offer for Bennet Property Shares under the provisions of Rule 9 of the Code, Pye Properties may make such alterations to any of the above conditions as are necessary to comply with the provisions of that Rule.

If the Offer lapses it will cease to be capable of further acceptance and accepting Bennet Property Shareholders and Pye Properties shall cease to be bound by any Form of Acceptance delivered on or before the date on which the Offer so lapses.

The Offer and all contracts arising under it will be governed by English law.

PART B: Further terms of the Offer

The conditions in Part A of this Appendix 1 and the following further terms set out in Parts B and C of this Appendix 1 and the Form of Acceptance apply to the Offer.

Unless the context otherwise requires, any reference in this document and in the Form of Acceptance to acceptances of the Offer shall include deemed acceptances of the Offer.

Unless the context otherwise requires, any reference in Parts B or C of this Appendix 1 and in the Form of Acceptance to:

- (a) “Offer” shall include any revision, variation, renewal or extension thereof;
- (b) the “Offer” being, becoming or being declared “unconditional” is to the acceptance condition being, becoming or being declared satisfied, whether or not any other condition remains to be fulfilled;
- (c) the “acceptance condition” is to the condition as to acceptances of the Offer set out in paragraph (a) of Part A of this Appendix 1 and any reference to the Offer becoming unconditional as to acceptances is to be construed accordingly;
- (d) the “Offer Document” is to this document and any other document containing the Offer; and
- (e) an “extension of the Offer” shall include an extension of the date by which the acceptance condition is or was to be satisfied.

1. Acceptance period

- A. The Offer is initially open for acceptance until 3.00 p.m. on 11 August 2008. Although no revision is currently envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as may be permitted by the Panel) after the date on which written notification of the revision is posted to Bennet Property Shareholders. Except with the consent of the Panel, no revision of the Offer may be made or posted to Bennet Property Shareholders after 2 September 2008, or, if later, the date which is 14 days before the last date on which the Offer can become unconditional.
- B. The Offer, whether revised or not, is not (except with the consent of the Panel) capable of becoming unconditional after midnight on 19 September 2008 (or any other time or date beyond which Pye Properties has stated that the Offer will not be extended and has not withdrawn that statement), nor of being kept open for acceptance after that time and/or date unless it has previously become unconditional. Pye Properties reserves the right, with the permission of the Panel, to extend the time for the Offer to become unconditional to a later time(s) and/or date(s).
- C. If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer becomes unconditional and Pye Properties states that the Offer will remain open until further notice, Pye Properties will give not less than 14 days’ notice in writing prior to the closing of the Offer.
- D. If a competing offer or other competitive situation arises after Pye Properties makes a “no increase” and/or “no extension” statement in relation to the Offer, Pye Properties may, if it has specifically reserved the right to do so at the time the statement was made or otherwise with the consent of the Panel, withdraw the statement provided it complies with the requirements of the Code and in particular that:

- (i) it announces the withdrawal as soon as possible and in any event within four business days after the date of the announcement of the competing offer or other competitive situation;
- (ii) it notifies Bennet Property Shareholders in writing of the withdrawal (or, in the case of Bennet Property Shareholders with registered addresses outside the United Kingdom, or whom Pye Properties knows to be nominees, custodians or trustees holding Bennet Property Shares for such persons, by announcement in the United Kingdom) at the earliest opportunity; and
- (iii) any Bennet Property Shareholders who accept the Offer after the “no increase” and/or “no extension” statement are given a right of withdrawal as described in paragraph 4C of this Part B Appendix 1.

Pye Properties may, if it specifically reserves the right to do so at the time the statement is made, choose not to be bound by the terms of a “no increase” and/or “no extension” statement and may post an increased or improved offer if it is recommended for acceptance by the Bennet Property Board or any duly appointed committee thereof, or in other circumstances permitted by the Panel.

2. Acceptance condition

- A. Except with the consent of the Panel, for the purpose of determining whether the acceptance condition is satisfied, Pye Properties may only take into account acceptances received or purchases of Bennet Property Shares made in respect of which all relevant documents are received by Neville Registrars Limited by 1.00 p.m. on 19 September 2008 (or any other time and/or date beyond which Pye Properties has stated that the Offer will not be extended and has not withdrawn that statement), or if the Offer is extended with the consent of the Panel, by such later time(s) and/or date(s) as the Panel may agree. If the latest time at which the Offer may become unconditional is extended beyond midnight on 19 September 2008, acceptances received and purchases made in respect of which the relevant documents are received by Neville Registrars Limited after 1.00 p.m. on that date may only be taken into account with the agreement of the Panel except where the Code permits otherwise.
- B. Except as otherwise agreed by the Panel and notwithstanding the right reserved by Pye Properties to treat an acceptance of the Offer as valid even though the relevant Form of Acceptance is not entirely in order or not accompanied by relevant share certificate(s) and/or other document(s) of title:
 - (i) an acceptance of the Offer will only be treated as valid for the purposes of the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
 - (ii) a purchase of Bennet Property Shares by Pye Properties or its nominee, or (if Pye Properties is required by the Panel to make an offer for Bennet Property Shares under Rule 9 of the Code) by a person acting in concert with Pye Properties or its nominee, will only be treated as valid for the purposes of the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it; and
 - (iii) the Offer will not become unconditional unless Neville Registrars has issued a certificate to Pye Properties which states the number of Bennet Property Shares in respect of which acceptances have been received and the number of Bennet Property Shares otherwise acquired, whether before or during the Offer Period, which comply with the provisions of this paragraph 2. Copies of such certificate will be sent to the Panel as soon as possible after it is issued.

- C. For the purpose of determining whether the acceptance condition is satisfied, Pye Properties shall not be bound (unless required by the Panel) to take into account any Bennet Property Shares which have been unconditionally allotted or issued or which arise as a result of the exercise of subscription or conversion rights before the determination takes place unless Bennet Property or its agent has given written notice to Neville Registrars Limited, containing relevant details of the allotment, issue, subscription or conversion prior thereto. Notification by telex or email or facsimile or other electronic transmission or copies will not constitute written notice for this purpose.

3. Announcements

- A. By 8.00 a.m. on the business day (the “relevant day”) following the day on which the Offer is due to expire, become unconditional, is revised or extended (or such later time and/or date as the Panel may agree), Pye Properties will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. In the announcement, Pye Properties will state (unless otherwise permitted by the Panel) the total number of Bennet Property Shares and rights over Bennet Property Shares (as nearly as practicable):
- (i) for which acceptances of the Offer have been received (showing the extent, if any, to which acceptances have been received from persons acting in concert with Pye Properties);
 - (ii) held by or on behalf of Pye Properties or any person acting or deemed to be acting in concert with Pye Properties before the Offer Period; and
 - (iii) acquired or agreed to be acquired by or on behalf of Pye Properties or any person acting or deemed to be acting in concert with Pye Properties during the Offer Period;

and the announcement will specify the percentage of the Bennet Property Shares represented by each of these figures.

- B. Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced by, 8.00 a.m. on the relevant day or such later time and/or date as the Panel may agree. The announcement will state the next expiry time and date (unless the Offer is then unconditional in which case a statement may be made that the Offer will remain open until further notice). In calculating the number of Bennet Property Shares represented by acceptances and purchases, Pye Properties may only include acceptances and purchases if they could be counted towards fulfilling the acceptance condition under Notes 4 and 5 on Rule 10 of the Code unless the Panel agrees otherwise. Subject to this, Pye Properties may include or exclude, for announcement purposes, acceptances and purchases not in all respects in order or which are subject to verification.
- C. In this Appendix 1, a reference to the making of an announcement or the giving of notice by Pye Properties includes the release of an announcement by Pye Properties’ public relations consultants or by Mazars, in each case on behalf of Pye Properties, to the press and the delivery or telephone, telex or facsimile or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service will be notified simultaneously to a Regulatory Information Service (unless otherwise agreed by the Panel).

4. Rights of withdrawal

- A. If Pye Properties announces the Offer to be unconditional and then fails to comply by 3.30 p.m. on the relevant day (as defined in paragraph 3A of this Part B) (or such later time and/or date as the Panel may agree) with any of the other requirements specified in paragraph 3A of this Part B, a Bennet Property Shareholder may withdraw his acceptance of the Offer by written notice given

by post or (during normal business hours) by hand to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. Subject to paragraph 1B of this Part B, this right of withdrawal may be terminated not less than eight days after the relevant day by Pye Properties confirming, if such is the case, that the Offer is still unconditional and complying with the other requirements specified in paragraph 3A of this Part B. If such confirmation is given, the first period of 14 days referred to in paragraph 1C of this Part B will start on the date of that confirmation and compliance.

- B. If by 3.00 p.m. on 1 September 2008 (or such later time and/or date as the Panel may agree) the Offer has not become unconditional, a Bennet Property Shareholder who has accepted the Offer may withdraw his acceptance by written notice or (during normal business hours) by hand to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA at any time before the earlier of:
 - (i) the time that the Offer becomes unconditional; and
 - (ii) the final time for the lodging of acceptances which can be taken into account in accordance with paragraph 2A of this Part B.
- C. If a “no increase” and/or “no extension” statement is withdrawn in accordance with paragraph 1D of this Part B, a Bennet Property Shareholder who accepts the Offer after the date of the statement may withdraw his acceptance by written notice in the manner referred to in paragraph 4A of this Part B for a period of eight days after the date Pye Properties posts the notice of the withdrawal of that statement to Bennet Property Shareholders.
- D. Except as provided in this paragraph 4, acceptances under the Offer shall be irrevocable. In this paragraph 4, “written notice” (including any letter of appointment, direction or authority) means notice in writing signed by the relevant person(s) accepting the Offer (or his/their agent(s) duly appointed in writing, evidence of whose appointment satisfactory to Pye Properties is produced with the notice). Telex, facsimile transmission, e-mail, or other electronic transmission or copies will not be sufficient to constitute written notice. A notice which is postmarked in, or otherwise appears to Pye Properties or its agents to have been sent from, the United States, Australia, Canada or Japan will not be valid.

5. Revised Offer

- A. Although no revised offer is envisaged, if the Offer is revised, the benefit of the revised Offer will be made available to any Bennet Property Shareholder who has accepted the Offer (in its original or any revised form(s)) (a “Previous Acceptor”) if the revised Offer represents, on the date on which it is announced (on such basis as Mazars may consider appropriate) an improvement or no diminution in the value of the consideration offered compared with the consideration previously offered. The acceptance by a Previous Acceptor of the Offer (in its original or any revised form(s)) will, subject as provided in paragraphs 5B, 5C and 7 of this Part B, be deemed an acceptance of the revised Offer and will constitute the appointment of any director of, or person authorised by, Pye Properties and/or Mazars as his attorney and/or agent with authority:
 - (i) to accept the revised Offer on his behalf;
 - (ii) if the revised Offer includes alternative forms of consideration, to make elections or accept the alternative forms of consideration on behalf of such Previous Acceptor in the proportions the attorney and/or agent in his absolute discretion thinks fit; and
 - (iii) to execute on behalf of such Previous Acceptor in his name any further documents required to give effect to those elections or acceptances.

In making any election or acceptance, the attorney and/or agent will take into account the nature of any previous acceptance or election made by the Previous Acceptor and other facts or matters he may consider relevant.

- B. The deemed acceptance and election referred to in paragraph 5A of this Part B will not apply and the power of attorney and authorities conferred by that paragraph will not be exercised if the Previous Acceptor would (on such basis as Mazars may consider appropriate) receive less in aggregate in consideration under the revised Offer than he would have received in aggregate in consideration as a result of his acceptance of the Offer in the form originally accepted by him or on his behalf. The authorities conferred by paragraph 5A above shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph.
- C. The deemed acceptance or election referred to in paragraph 5A of this Part B will not apply and the power of attorney and authorities conferred by that paragraph will be ineffective to the extent that the Previous Acceptor in respect of Bennet Property Shares lodges with Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, within 14 days of the posting of the document containing the revised Offer, a Form of Acceptance (or any other form issued on behalf of Pye Properties) in which he validly elects to receive consideration under the revised Offer in some other manner than that set out in his original acceptance. Any such change of election will be conditional upon Neville Registrars Limited verifying that the request is validly made.
- D. The authorities and powers of attorney conferred by this paragraph 5 and any acceptance of a revised Offer and any election in relation to it will be irrevocable unless and until the Previous Acceptor withdraws his acceptance having become entitled to do so under paragraph 4 of this Part B.
- E. Pye Properties reserves the right to treat an executed Form of Acceptance relating to the Offer which is received after the announcement of any revised Offer as a valid acceptance of the revised Offer (and, where applicable, a valid election for the alternative form(s) of consideration). Such acceptance will constitute an authority in the terms of paragraph 5A of this Part B *mutatis mutandis* on behalf of the relevant Bennet Property Shareholder.

6. General

- A. Except with the consent of the Panel, the Offer will lapse unless all the conditions relating to the Offer have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Pye Properties in its opinion to be and continue to be fulfilled, in each case by midnight on 10 October 2008 or within 21 days after the date on which the Offer becomes unconditional, or such later date as Pye Properties, with the consent of the Panel, may decide, whichever is the later. Pye Properties shall be under no obligation to waive, to determine, or treat as fulfilled any condition by a date earlier than the latest date specified above for the fulfilment thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.
- B. If the Offer lapses for any reason:
 - (i) it will not be capable of further acceptance;
 - (ii) accepting Bennet Property Shareholders and Pye Properties will not be bound by any Form of Acceptance submitted before the time the Offer lapses;
 - (iii) Forms of Acceptance and documents of title will be returned by post (or by such other method as the Panel may approve) within 14 days of the Offer lapsing to the person or agent whose name is set out in the relevant Box on page 3 of the relevant Form of

Acceptance or otherwise to the first-named holder at his registered address; no such document will be sent to an address in the United States, Australia, Canada or Japan.

- C. The expression "Offer Period" when used in this document means the period beginning on 21 July 2008 and ending on the latest of:
- (i) 3.00 p.m. on 11 August 2008; and
 - (ii) the earlier of (a) the time the Offer becomes unconditional as to acceptances and (b) the time the Offer lapses.
- D. Except with the consent of the Panel:
- (i) settlement of the consideration to which any Bennet Property Shareholder is entitled under the Offer will be fully implemented in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Pye Properties may otherwise be, or claim to be, entitled against that Bennet Property Shareholder; and
 - (ii) settlement of the consideration will be effected in the manner prescribed in paragraph 13 of Pye Properties' letter contained in Part 2 of this document not later than 14 days of the later of 11 August 2008, the date on which the Offer becomes or is declared unconditional in all respects and the date of receipt of a valid and complete acceptance.
- E. The terms, provisions, instructions and authorities contained in the Form of Acceptance also constitute part of the terms of the Offer. A word or expression defined in this document has the same meaning when used in the Form of Acceptance unless the context requires otherwise. The provisions of this Appendix 1 shall be deemed to be incorporated in and form part of the Form of Acceptance.
- F. If the expiry date of the Offer is extended, a reference in this document and in the Form of Acceptance to 11 August 2008 will (except in paragraphs 1A and 6C of this Part B and except where the context requires otherwise) be deemed to refer to the expiry date of the Offer as so extended.
- G. Any accidental omission to despatch this document, the Form of Acceptance or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is, or should be, made will not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to the provisions of paragraph 7 of this Part B, the Offer is made to any Bennet Property Shareholder to whom this document and the Form of Acceptance or any related document may not have been despatched, and any such person may collect the relevant documents from Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or from Mazars, Tower Bridge House, St Katherine's Way, London E1W 1DD.
- H. Pye Properties reserves the right to treat acceptances of the Offer as valid if received by Neville Registrars or otherwise on behalf of Pye Properties at any place or in any manner determined by Pye Properties otherwise than as set out in this document or in the Form of Acceptance.
- I. If sufficient acceptances are received and/or sufficient Bennet Property Shares are otherwise acquired, Pye Properties intends to apply the provisions of Sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Bennet Property Shares to which the Offer relates.

- J. All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix 1 or in the Form of Acceptance are given by way of security for the performance of the obligations of the Bennet Property Shareholder and are irrevocable in accordance with Section 4 of the Powers of Attorney Act 1971 except in the circumstances where the donor of the power of attorney or authority validly withdraws his acceptance in accordance with paragraph 4 of this Part B.
- K. No acknowledgement of receipt of any Form of Acceptance, share certificate(s) or document(s) of title will be given. All communications, notices, certificates, documents of title and remittances to be delivered by, or sent to or from, Bennet Property Shareholders (or their designated agents) will be delivered or sent at their own risk.
- L. Pye Properties reserves the right to notify any matter, including the making of the Offer, to a Bennet Property Shareholder:
- (i) with a registered address outside the UK; or
 - (ii) whom Pye Properties knows to be a custodian, trustee or nominee holding Bennet Property Shares for persons who are citizens, residents or nationals of jurisdictions outside the UK;

by announcement or by paid advertisement in a daily newspaper published and circulated in the UK. The notice will be deemed to have been sufficiently given, despite any failure by a Bennet Property Shareholder to receive or see that notice. A reference in this document to a notice or the provision of information in writing by or on behalf of Pye Properties is to be construed accordingly.

- M. The Offer is made on 21 July 2008 and is capable of acceptance from and after that date. A Form of Acceptance is enclosed with this document and further copies of the Form of Acceptance and this document may be collected from Neville Registrars Limited, at the address set out in paragraph 4A of this Part B or from Mazars, Tower Bridge House, St Katherine's Way, London E1W 1DD. The Offer is made by means of this document.
- N. The Offer, the Form of Acceptance and all acceptances in respect of the Offer are governed by and will be construed in accordance with English law. Execution by or on behalf of a Bennet Property Shareholder of any Form of Acceptance constitutes his irrevocable submission to the jurisdiction of the courts of England in relation to all matters arising in connection with the Offer and his agreement that nothing shall limit the right of Pye Properties to bring any action, suit or proceeding arising out of or in connection with the Offer in any other manner permitted by law or in any court of competent jurisdiction.
- O. Bennet Property Shares will be acquired by Pye Properties fully paid, free from all liens, charges, equitable interests and encumbrances and other third party interests and together with all rights attaching thereto on or after 21 July 2008, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid thereafter.
- P. All references in this Appendix 1 to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).

7. Overseas shareholders

- A. The making of the Offer in, or to certain persons resident in, or nationals or citizens of, jurisdictions outside the UK ("Overseas Persons") or to persons who are nominees of, or custodians, trustees or guardians for, citizens, residents or nationals of such jurisdictions may be affected by the laws of the relevant jurisdiction. Overseas Persons should inform themselves

about and observe any applicable legal requirements. It is the responsibility of Overseas Persons wishing to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Offer. This includes the obtaining of any governmental, exchange control or other consents which may be required, compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes due in that jurisdiction. Pye Properties (and any person acting on behalf of Pye Properties) shall be fully indemnified by such Overseas Person for any such issue, transfer or other taxes which Pye Properties (or any person acting on behalf of Pye Properties) may be required to pay. **If you are an Overseas Person and you are in doubt about your position you should consult your own professional adviser in the relevant jurisdiction.**

- B. In particular, the Offer is not being made, directly or indirectly, in or into the United States, Australia, Canada or Japan or to any Restricted Overseas Person (as defined in paragraph 7H of this Part B). This includes, but is not limited to, facsimile transmission, electronic mail, telex and telephone.

Accordingly, copies of this document, the Form of Acceptance and any other documents related to the Offer are not being, and must not be, mailed or otherwise distributed or sent in or into the United States, Australia, Canada or Japan including to Bennet Property Shareholders with registered addresses in the United States, Australia, Canada or Japan or to persons whom Pye Properties knows to be custodians, trustees or nominees holding Bennet Property Shares for persons with addresses in the United States, Australia, Canada or Japan. Persons receiving such documents (including custodians, nominees and trustees) must not distribute, mail or send them in, into or from the United States, Australia, Canada or Japan, or use the United States, Australian, Canadian or Japanese mails or any means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex or telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Australia, Canada or Japan in connection with the Offer, and so doing will invalidate any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use the United States, Australian, Canadian or Japanese mails or any means or instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. Envelopes containing Form(s) of Acceptance in respect of the Offer must not be postmarked in the United States, Australia, Canada or Japan or otherwise dispatched from those jurisdictions. All acceptors must provide addresses outside the United States, Australia, Canada and Japan for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form(s) of Acceptance or documents of title.

- C. Subject as provided below, a Bennet Property Shareholder will be deemed not to have accepted the Offer if:
- (a) he puts "NO" in Box 4 on page 3 of the relevant Form of Acceptance and therefore does not give the representations and warranties set out in paragraph D of Part C of this Appendix 1;
 - (b) he completes Box 3 on page 3 of the relevant Form of Acceptance with an address in the United States, Australia, Canada or Japan or has a registered address in the United States, Australia, Canada or Japan and in either case he does not insert in Box 5 on page 3 of the relevant Form of Acceptance the name and address of a person or agent outside the United States, Australia, Canada and Japan to whom he wishes the consideration to which he is entitled under the Offer is to be sent;
 - (c) he inserts in Box 5 on page 3 of the relevant Form of Acceptance the name and address of a person or agent in the United States, Australia, Canada or Japan to whom he wishes the consideration to which he is entitled under the Offer to be sent; or

(d) the relevant Form of Acceptance is received from him in an envelope postmarked in, or which otherwise appears to Pye Properties or its agents to have been sent from, the United States, Australia, Canada or Japan.

D. Pye Properties reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph D of Part C of this Appendix 1 have been truthfully given by the relevant Bennet Property Shareholder and, if such investigation is made and, as a result, Pye Properties cannot satisfy itself that such representations and warranties are true and correct, such acceptance shall not be valid.

If any person, despite the restrictions referred to in paragraph 7B of this Part B and whether pursuant to a contractual or legal obligation or otherwise, forwards this document, any Form of Acceptance or any other document relating to the Offer in, into or from the United States, Australia, Canada or Japan such person should:

- (i) inform the recipient of that fact;
- (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
- (iii) draw the attention of the recipient to this paragraph 7.

Notwithstanding the above, Pye Properties may in its sole and absolute discretion provide the consideration under the Offer to a Restricted Overseas Person (as described in paragraph 7G of this Part B) if required to do so by or on behalf of that person if Pye Properties is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other relevant legislation of the United States, Australia, Canada or Japan, as appropriate.

E. If any written notice from a Bennet Property Shareholder withdrawing his acceptance in accordance with paragraph 4 of this Part B is received in an envelope postmarked in, or which otherwise appears to Pye Properties or its agents to have been sent from, the United States, Australia, Canada or Japan, Pye Properties reserves the right, in its absolute discretion, to treat that notice as invalid.

F. The provisions of this paragraph 7 and any other terms of the Offer relating to Overseas Persons may be waived, varied or modified as regards specific Bennet Property Shareholders or on a general basis by Pye Properties in its sole discretion. Subject to this discretion, the provisions of this paragraph 7 supersede any terms of the Offer inconsistent with them. A reference in this paragraph 7 to a Bennet Property Shareholder includes the person or persons executing any Form of Acceptance and, in the event of more than one person executing any Form of Acceptance, the provisions of this paragraph 7 apply to them jointly and severally.

G. As used in this document, “Restricted Overseas Person” means either a person (including an individual, partnership, unincorporated syndicate, company, corporation, unincorporated organisation, trust, trustee, executor, administrator, or other legal representative) in, or resident in, the United States, Australia, Canada or Japan.

PART C: Form of Acceptance

Each Bennet Property Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with Neville Registrars Limited irrevocably undertakes, represents, warrants and agrees to and with Pye Properties and Mazars (so as to bind him, his personal representatives, heirs, successors and assigns to the following effect) that:

- A. the execution of a Form of Acceptance shall constitute (whether or not any other boxes are completed) an acceptance of the Offer in respect of the number of Bennet Property Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance on and subject to the terms and conditions set out or referred to in this document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 4 of Part B of this Appendix 1, each such acceptance shall be irrevocable;
- B. the Bennet Property Shares in respect of which the Offer is accepted or deemed to be accepted are sold free from all liens, charges, equitable interests, encumbrances and other third party interests and together with all rights attaching thereto on or after 21 July 2008, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid thereafter;
- C. unless such Bennet Property Shareholder has written “No” in Box 4 on page 3 of the Form of Acceptance:
 - (i) he has not received or sent copies or originals of this document, the Form of Acceptance or any other document relating to the Offer in, into or from the United States, Australia, Canada or Japan;
 - (ii) he has not used in connection with the Offer or the execution or delivery of any Form of Acceptance, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex and/or telephone) of interstate or foreign commerce, or of any facility of a national securities exchange of, the United States, Australia, Canada or Japan;
 - (iii) he was outside the United States, Australia, Canada and Japan when the Form of Acceptance was delivered and at the time of accepting the Offer;
 - (iv) he is not a Restricted Overseas Person (as described in paragraph 7G of Part B of this Appendix 1);
 - (v) he is not an agent or fiduciary acting on a non-discretionary basis for a principal who has given instructions with respect to the Offer from within the United States, Australia, Canada or Japan and where relevant is not acquiring Loan Notes for purposes of resale directly or indirectly to a person within the United States, Australia, Canada or Japan; and
 - (vi) the Form of Acceptance has not been mailed or otherwise sent in, into or from the United States, Australia, Canada or Japan or signed in the United States, Australia, Canada or Japan and such Bennet Property Shareholder is accepting the relevant Offer from outside the United States, Australia, Canada and Japan;
- D. the execution of the Form of Acceptance constitutes the irrevocable appointment of Pye Properties as such Bennet Property Shareholder’s agent and/or attorney (subject to the Offer becoming unconditional in all respects in accordance with its terms and such Bennet Property Shareholder not having validly withdrawn his acceptance) with an irrevocable instruction and authorisation to:

- (i) complete and execute any form(s) of transfer, renunciation or other document(s) in relation to the Bennet Property Shares comprised or deemed to be comprised in such acceptance (“Accepted Securities”) in favour of Pye Properties or as it may direct;
 - (ii) deliver any form(s) of transfer, renunciation or other document(s) with any share certificate or other document of title relating to such Accepted Securities for registration within twelve (12) months of the Offer becoming unconditional in all respects; and
 - (iii) take any other action and/or execute all such other documents as the agent and/or attorney may think necessary or expedient in connection with his acceptance of the Offer and to vest in Pye Properties (or as it may direct) the Accepted Securities;
- E. the execution of the Form of Acceptance and its delivery to Neville Registrars Limited constitutes an irrevocable authority and request (subject to the Offer becoming unconditional in all respects and such Bennet Property Shareholder not having validly withdrawn his acceptance):
- (i) to Bennet Property or its agents to procure the registration of the transfer of those Bennet Property Shares pursuant to the Offer and the delivery of the share certificate(s) and other document(s) of title in respect of the Bennet Property Shares to Pye Properties or as it may direct;
 - (ii) subject to the provisions of paragraph 7 of Part B of this Appendix 1, to Pye Properties or its agents to procure that the name of such Bennet Property Shareholder is entered in the register of Pye Properties in respect of any Loan Notes to which such Bennet Property Shareholder becomes entitled under the Offer and to procure the issue of a definitive certificate for such Loan Notes;
- F. the execution of the Form of Acceptance and its delivery to Neville Registrars Limited constitutes a giving of authority to the persons so specified within the terms of paragraph 5 of Part B of this Appendix 1 and paragraphs E and F above;
- G. subject to the Offer becoming or being declared unconditional in all respects and such Bennet Property Shareholder not having validly withdrawn his acceptance (or if the Offer will become unconditional in all respects or lapse on the outcome of the resolution in question or if the Panel gives its consent), in relation to Bennet Property Shares comprised or deemed to be comprised in such acceptance and pending registration:
- (i) Pye Properties or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Bennet Property or of any class of its shareholders) attaching to such Bennet Property Shares;
 - (ii) the execution of the Form of Acceptance by a Bennet Property Shareholder in respect of the Bennet Property Shares comprised in such acceptance:
 - (aa) constitutes an authority to Bennet Property from such Bennet Property Shareholder to send any notice, warrant, document or other communication which may be required to be sent to him/her as a Bennet Property Shareholder to Pye Properties at its registered office;
 - (bb) constitutes an authority to Pye Properties or any director of Pye Properties to sign any consent to short notice on his behalf and/or attend and/or execute a form of proxy in respect of such Bennet Property Shares appointing any person nominated by Pye Properties to attend general meetings and separate class meetings of Bennet

Property or its members (or any of them) (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and

- (cc) will also constitute the agreement of such Bennet Property Shareholder not to exercise any of such rights without the consent of Pye Properties and the irrevocable undertaking of such Bennet Property Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting;
- H. he will deliver or procure the delivery to Neville Registrars Limited at the address referred to in paragraph 4A of Part B of this Appendix 1 of his share certificate(s) or other document(s) of title in respect of those Bennet Property Shares in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn held by him or an indemnity acceptable to Bennet Property in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- I. he will do all such acts and things as shall be necessary or expedient to vest the aforesaid Bennet Property Shares in Pye Properties or its nominee(s) or such other persons as it may decide;
- J. he agrees to ratify each and every act or thing which may be done or effected by Pye Properties or Neville Registrars Limited or any director of Pye Properties or any director of Neville Registrars Limited or their respective agents or Bennet Property or its agents, as the case may be, in the exercise of any of his powers and/or authorities hereunder;
- K. the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the courts of England;
- L. on execution the Form of Acceptance shall take effect as a deed;
- M. if any provision of Part B of this Appendix 1 or this Part C shall be unenforceable or invalid or shall not operate so as to afford Pye Properties or Neville Registrars Limited or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Pye Properties and/or Neville Registrars Limited and/or any director of either of them to secure the full benefits of Part B and this Part C of this Appendix 1; and
- N. the terms and conditions of the Offer are deemed to be incorporated in, and form part of, the Form of Acceptance, which shall be read and construed accordingly.

References in this Part C to a holder of Bennet Property Shares or to a Bennet Property Shareholder shall include references to the person or persons executing a Form of Acceptance and in the event of more than one person executing a Form of Acceptance the provisions of this Part C will apply to them jointly and to each of them.

APPENDIX 2 – FINANCIAL INFORMATION RELATING TO BENNET PROPERTY

Financial information relating to Bennet Property for the 3 periods ended 31 December 2007

NATURE OF FINANCIAL INFORMATION

The financial information contained in this Appendix does not constitute statutory accounts within the meaning of section 240 of the Companies Act. The information for each of the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007, that has not been reported on for the purposes of this document, is extracted without material adjustment from the audited consolidated financial statements of Bennet Property PLC. Audited statutory accounts for each of the years ended 31 December 2005, 31 December 2006 and 31 December 2007 on which unqualified audit reports (not containing a statement under section 237(2) or (3) of the Act) have been given by Ross Brooke Limited, the auditors of Bennet Property, have been delivered to the Registrar of Companies in England and Wales.

Consolidated Profit and Loss Account for the three years ended 31 December 2007

	Note	2007	2006	2005
		£	£	£
Turnover	2	2,885,616	3,739,226	2,426,880
Cost of sales		(509,762)	(829,814)	(139,783)
Gross Profit		2,375,854	2,909,412	2,287,097
Administrative expenses		(242,021)	(373,817)	(328,417)
Operating profit	3	2,133,833	2,535,595	1,958,680
Exceptional (loss)/profit on sale of fixed assets		(1,875)	594,575	256,292
Other interest receivable	8	275,112	258,836	116,037
Amounts written off fixed assets		(315,174)	(75,000)	-
Interest payable and similar charges	9	(425,233)	(622,078)	(662,132)
Profit on ordinary activities before taxation		1,666,663	2,691,928	1,668,877
Tax on profit on ordinary activities	10	(657,556)	(644,774)	(481,941)
Profit for the financial year	22	1,009,107	2,047,154	1,186,936

Consolidated Group Statement of Total Recognised Gains and Losses for the three years ended 31 December 2007

	2007	2006	2005
	£	£	£
Net profit for the year	1,009,107	2,047,154	1,186,936
Unrealised (deficit)/surplus on revaluation of properties	(334,826)	2,720,000	2,405,000
Total gains for the year	<u>674,281</u>	<u>4,767,154</u>	<u>3,591,936</u>
Prior year adjustment			487,423
Total gains and losses recognised since the last annual report			<u><u>4,079,359</u></u>

Note of Consolidated Historical Cost Profits and Losses for the three years ended 31 December 2007

	2007	2006	2005
	£	£	£
Reported profit on ordinary activities before taxation	1,666,663	2,691,928	1,668,877
Realisation of property revaluation gains of previous years	523,785	150,000	170,000
Historical cost profit on ordinary activities before taxation	<u>2,190,448</u>	<u>2,841,928</u>	<u>1,838,877</u>
Historical cost profits for the year after taxation	<u><u>1,532,892</u></u>	<u><u>2,197,154</u></u>	<u><u>1,356,936</u></u>

Consolidated Group Balance Sheet as at 31 December 2007

		2007		2006	
		£	£	£	£
	Note				
Fixed assets					
Tangible assets	13		26,315,466		28,543,482
Current assets					
Stocks	14	2,805,267		3,205,267	
Debtors	15	374,090		284,062	
Cash at bank and in hand		3,193,280		7,995,302	
		<u>6,372,637</u>		<u>11,484,631</u>	
Creditors: Amounts falling due within one year	16	(1,924,747)		(2,765,434)	
Net current assets			<u>4,447,890</u>		<u>8,719,197</u>
Total assets less current liabilities			30,763,356		37,262,679
Creditors: Amounts falling due after more than one year	17		(1,819,877)		(8,232,487)
Provisions for liabilities	19		(68,856)		(94,847)
Net assets			<u><u>28,874,623</u></u>		<u><u>28,935,345</u></u>
Capital and reserves					
Called up share capital	20		773,687		773,687
Share premium reserve	21		256,580		256,580
Revaluation reserve	21		14,568,645		15,427,256
Other reserves	21		576,313		576,313
Profit and loss reserve	21		<u>12,699,398</u>		<u>11,901,509</u>
Equity shareholders' funds	22		<u><u>28,874,623</u></u>		<u><u>28,935,345</u></u>

Consolidated Group Cash Flow Statement for the year ended 31 December 2007

		2007		2006	
	Note	£	£	£	£
Net cash flow from operating activities	24		2,279,212		3,232,172
Returns on investment and servicing of finance					
Other interest paid		(425,232)		(622,078)	
Interest received		275,112		258,836	
			(150,120)		(363,242)
Taxation paid			(562,006)		(421,190)
Capital expenditure and financial investment					
Sale of tangible fixed assets		1,573,126		3,744,575	
			1,573,126		3,744,575
Equity dividends paid			(735,003)		(688,581)
Cash inflow before management of liquid resources and financing			2,405,209		5,503,734
Financing					
Repayment of loans and borrowings		(7,207,231)		(426,885)	
			(7,207,231)		(426,885)
Net cash flow			<u>(4,802,022)</u>		<u>5,076,849</u>

Reconciliation of net cash flow to movement in net debt

	Note	2007 £	2006 £
(Decrease)/increase in cash in the year	25	(4,802,022)	5,076,849
Cash outflow from bank loans		7,207,231	426,885
Change in net debt resulting from cash flows		2,405,209	5,503,734
Net debt at the start of the year	25	(1,480,942)	(6,984,676)
Net funds/(debt) at the end of the year	25	<u>924,267</u>	<u>(1,480,942)</u>

1 Accounting policies

Basis of preparation

The financial information has been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial information includes the financial statements of the Company and its subsidiary undertakings made up to 31 December 2007. The acquisitions method of accounting has been adopted and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

The parent company profit for the financial year was £575,884 (2006 - £1,407,716 and 2005 - £979,117).

Going concern

This financial information has been prepared on a going concern basis.

Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of the sale of goods and services to customers.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Office equipment	33% per annum of cost
Bennet office	20% per annum of cost
Fixtures & fittings	33% per annum of cost

Fixed assets are included in the balance sheet at revalued amounts.

Stocks - property held for resale

Stocks are valued at the lower of cost or net realisable value. Net realisable value is determined by directors holding professional qualifications at an open market value. Property is included in stock from the date of exchange of contracts.

Investment properties

In accordance with SSAP19 investment properties are revalued annually to open market values and no depreciation is provided. The directors consider that this accounting policy results in the

financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified as it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Pensions

The Bennet Property Group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Sale of properties

Sales of properties are accounted for on exchange of contracts.

2 Turnover

An analysis of turnover by segment is given below:

	2007	2006	2005
	£	£	£
Rental income receivable	2,056,736	2,352,308	2,369,216
Service charges receivable	53,744	57,969	57,664
Property sale income receivable	760,000	1,328,949	-
Dilapidations monies receivable	15,136	-	-
	<u>2,885,616</u>	<u>3,739,226</u>	<u>2,426,880</u>

3 Operating profit

Operating profit is stated after charging:

	2007	2006	2005
	£	£	£
Audit and accountancy fees	11,950	10,500	10,500
Depreciation of non-investment fixed assets	3,016	3,238	3,371

4 Exceptional items

	2007	2006	2005
	£	£	£
Exceptional (loss)/profit on sale of fixed assets	<u>(1,875)</u>	<u>594,575</u>	<u>256,292</u>

5 Amounts written off fixed assets

	2007	2006	2005
	£	£	£
Amounts written off fixed assets	<u>(315,174)</u>	<u>(75,000)</u>	<u>-</u>

The amounts written off fixed assets represent revaluation losses that have reduced the value of the assets below their historical cost.

6 Particulars of employees

The average number of persons employed by the Bennet Property Group (including directors) during the year, analysed by category, was as follows:

	2007	2006	2005
	£	£	£
Administration	1	1	1
Executive director	1	1	1
Non-executive directors	3	3	3
	<u>5</u>	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	2007	2006	2005
	£	£	£
Wages and salaries	182,120	296,293	255,488
Social security	19,816	34,804	29,142
Other pension costs	4,000	4,000	4,000
	<u>205,936</u>	<u>335,097</u>	<u>288,630</u>

7 Directors' emoluments

The directors' emoluments are as follows:

	2007	2006	2005
	£	£	£
Directors' emoluments	177,232	291,405	248,991
Directors' pension contributions	4,000	4,000	4,000
	<u>181,232</u>	<u>295,405</u>	<u>252,991</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows:

	2007	2006	2005
Money purchase	<u>One</u>	<u>One</u>	<u>One</u>

8 Interest receivable

	2007	2006	2005
	£	£	£
Bank interest receivable	<u>275,112</u>	<u>258,836</u>	<u>116,037</u>

9 Interest payable and similar charges

	2007	2006	2005
	£	£	£
Interest payable on bank borrowing	425,233	622,078	662,132

10 Taxation

Analysis of current period tax charge

	2007	2006	2005
	£	£	£
Current tax			
Corporation tax charge	683,547	632,006	501,191
Deferred Tax			
Origination and reversal of timing differences	(25,991)	12,768	(19,250)
Total tax on profit on ordinary activities	657,556	644,774	481,941

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2006 - lower than and 2005 - higher than) the standard rate of corporation tax in the UK of 30.00% (2006 - 30.00% and 2005 - 30.00%). The effective rate of tax paid by the group is 41.01% (2006 - 23.48% and 2005 - 30.03%). The reasons for this are the amounts written off fixed assets are disallowable for corporation tax and the profit on ordinary activities does not include the chargeable gain on the sale of an investment property during each year.

The differences are reconciled below:

	2007	2006	2005
	£	£	£
Profit on ordinary activities before taxation	1,666,663	2,691,928	1,668,877
Tax on profit on ordinary activities at 30%	499,999	807,578	491,477
Expenses not deductible for tax purposes	94,810	22,768	6,101
Capital allowances in advance of depreciation	(8,785)	(11,948)	(16,216)
Marginal relief	(7,661)	(8,019)	(8,581)
Capital gains tax on profits on disposal of fixed assets less loss reported in accounts	105,184	-	28,410
Profit on disposal of assets	-	(178,373)	-
Total current tax	683,547	632,006	501,191

Expenses not deductible for tax purposes includes tax on amounts written off fixed assets of £575,884 as per Note 9.

11 Dividends

	2007	2006	2005
Equity Dividends	£	£	£
Ordinary dividend paid	735,003	688,581	487,423

The directors are proposing an interim dividend in respect of the financial year ending 31 December 2007 of £773,687 (2006 - £735,003 and 2005 - £533,844).

The proposed interim dividend was approved by the Directors at the board meeting on 25th February 2008 and is due to be paid on 7th April 2008. This has not been included as a liability in these financial statements.

12 Profit Attributable to Members of the Parent Company

The profit dealt with in the accounts of the parent company, Bennet Property was £575,884 (2006 - £1,407,716 and 2005 - £979,117).

13 Tangible fixed assets

	Freehold Property £	Office equipment £	Other buildings £	Total £
Cost or Valuation				
As at 1 January 2007	28,535,000	3,059	13,666	28,551,725
Revaluation	(650,000) -	-	-	(650,000)
Disposals	(1,575,000) -	-	-	(1,575,000)
As at 31 December 2007	26,310,000	3,059	13,666	26,326,725
Depreciation				
As at 1 January 2007	-	2,777	5,466	8,243
Charge for the year	-	282	2,734	3,016
As at 31 December 2007	-	3,059	8,200	11,259
Net book value				
As at 31 December 2007	26,310,000	-	5,466	26,315,466
As at 31 December 2006	28,535,000	282	8,200	28,543,482

Freehold land and buildings are held for investment purposes and are revalued in accordance with accounting standards at open market value on the basis of existing use. 98% by value were revalued at the year end by qualified external valuers, Atisreal. 2% were valued internally at the year end by qualified directors.

The historical cost of the properties held at the year end is £12,131,528 with £14,568,646 being held in the revaluation reserve. The remaining difference to the net book value at 31st December 2007 of £390,174 has been written back to the profit and loss account in the current

and previous years as it represents a reduction in the value of the property below its historical cost. Investment properties are not required to be depreciated, therefore the revaluations have no effect on the depreciation charged.

14 Stocks and work in progress

	2007	2006
	£	£
Stocks	<u>2,805,267</u>	<u>3,205,267</u>

The current valuation of properties included in stock is considered to be more than their historic cost.

15 Debtors

	2007	2006
	£	£
Trade debtors	87,378	48,307
Amounts owed by group undertakings	-	-
Other debtors	257,763	229,673
Prepayments and accrued income	28,949	6,082
	<u>374,090</u>	<u>284,062</u>

16 Creditors: Amounts falling due within one year

	2007	2006
	£	£
Trade creditors	1,748	983
Corporation tax	533,548	412,006
Social security and other taxes	79,870	91,158
Other creditors	262,557	238,659
Accruals and deferred income	597,889	778,872
Mortgage loans	449,135	1,243,756
Amounts owed to group undertakings	-	-
	<u>1,924,747</u>	<u>2,765,434</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2007	2006
	£	£
Mortgage Loans	<u>449,135</u>	<u>1,243,756</u>

The mortgage loans are secured by fixed and floating charges over the assets of the group companies.

17 Creditors: Amounts falling due after more than one year

	2007	2006
	£	£
Mortgage loans	<u>1,819,877</u>	<u>8,232,487</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2007	2006
	£	£
Mortgage loans	<u>1,819,877</u>	<u>8,232,487</u>

The mortgage loans are secured by fixed and floating charges over the assets of Bennet Property Group companies.

18 Repayments of borrowing schedule

Amounts repayable:

	Mortgage loans
	£
As at 31 December 2007	
Between one and two years	1,378,877
Between two and five years	105,000
After more than five years by instalments	<u>336,000</u>
	<u>1,819,877</u>
As at 31 December 2006	
Between one and two years	1,767,737
Between two and five years	773,500
After more than five years by instalments	<u>5,691,250</u>
	<u>8,232,487</u>

19 Provisions for liabilities

	Deferred tax
	provision
	£
As at 1 January 2007	94,847
Deferred tax provision charged to the profit and loss account	<u>(25,991)</u>
As at 31 December 2007	<u>68,856</u>

No provision has been made for taxation of approximately £3,310,000 which would arise if the freehold properties were to be sold at their revalued amounts.

20 Share capital

	2007 £	2006 £
Authorised		
Equity		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid		
Equity		
773,687 Ordinary shares of £1 each	<u>773,687</u>	<u>773,687</u>

21 Reserves

	Share premium reserve £	Revaluation reserve £	Other reserves £	Profit and loss reserve £	Total £
Balance at 1 January 2007	256,580	15,427,256	576,313	11,901,509	28,161,658
Transfer from profit and loss account for the year	-	-	-	1,009,107	1,009,107
Transfer of realised profits (Deficit)/surplus	-	(523,785)	-	523,785	-
on property revaluation	-	(334,826)	-	-	(334,826)
Dividends	-	-	-	(735,003)	(735,003)
Balance at 31 December 2007	<u>256,580</u>	<u>14,568,645</u>	<u>576,313</u>	<u>12,699,398</u>	<u>28,100,936</u>

22 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit attributable to members of the group/company	1,009,107	2,047,154
Dividends	(735,003)	(688,581)
	<hr/> 274,104	<hr/> 1,358,573
Other recognised (losses)/gains for the year	(334,826)	2,720,000
Net (reduction)/addition to shareholders' funds	<hr/> (60,722)	<hr/> 4,078,573
Opening equity shareholders' funds	28,935,345	24,856,772
Closing equity shareholders' funds	<hr/> 28,874,623	<hr/> 28,935,345
	<hr/> <hr/>	<hr/> <hr/>

23 Pension schemes

Defined contribution pension scheme

The Bennet Property Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £4,000 (2006 - £4,000).

There were no outstanding or prepaid contributions at either the beginning or end of each financial year.

24 Reconciliation of operating profit to operating cash flows

	2007	2006
	£	£
Operating profit	2,133,833	2,535,595
Depreciation, amortisation and impairment charges	3,016	3,238
Decrease in stocks	400,000	689,841
(Increase)/decrease in debtors	(90,028)	135
(Decrease)/increase in creditors	(167,609)	3,363
Net cash inflow from operating activities	<hr/> 2,279,212	<hr/> 3,232,172
	<hr/> <hr/>	<hr/> <hr/>

25 Analysis of net funds/(debt)

	At start of period	Cash flow	At end of period
	£	£	£
Cash at bank and in hand	7,995,302	(4,802,022)	3,193,280
Debt due within one year	(1,243,756)	794,621	(449,135)
Debt due after one year	(8,232,487)	6,412,611	(1,819,876)
Change in debt	(9,476,243)	7,207,232	(2,269,011)
Net funds/(debt)	(1,480,941)	2,405,210	924,269

26 Related parties

Controlling entity

The Company has no overall controlling party.

Related party transactions

The Company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with members of the Bennet Property Group headed by Bennet Property on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

APPENDIX 3 – FINANCIAL INFORMATION RELATING TO PYE PROPERTIES AND UK LAND

Appendix 3A - Financial Information Relating to Pye Properties

Basis of Presentation

The financial information contained within this Appendix 3A does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The financial information presented below has not been reported on for the purposes of this document. The results for the five month period from incorporation to 30 April 2006 and the year ended 30 April 2007, have been extracted, without material adjustment, from the audited accounts.

Statutory accounts for Pye Properties in respect of the period ended 30 April 2006 and the year ended 30 April 2007 have been delivered to the Registrar of Companies. In respect of each of those accounts the auditors to Pye Properties, Cavendish Chartered Certified Accountants, 61 Chandos Place, London, WC2N 4HQ, gave reports that were unqualified and did not contain a statement under Section 237(2) or Section 237(3) of the Act.

1. Profit and Loss Accounts

	Notes	Period ended 30 April 2006 £	Year ended 30 April 2007 £
Turnover		40,000	984,007
Cost of sales		-	(226,319)
Gross profit		40,000	757,688
Administrative expenses		(1,869)	315,360
Operating profit		38,131	1,073,048
Other interest receivable and similar income		-	6,927
Interest payable and similar charges		-	(50,187)
Profit on ordinary activities before taxation		38,131	1,029,788
Tax on profit on ordinary activities	2	-	(640,539)
Profit for the period		38,131	389,249

2. Balance Sheets

	Notes	30 April 2006 £	30 April 2007 £
Fixed assets			
Tangible assets	3 & 4	12,295,606	12,164,394
Current assets			
Debtors	5	-	318,831
Cash at bank and in hand		395,021	331,763
		<u>395,021</u>	<u>650,594</u>
Creditors: amounts falling due within one year	6	(12,652,396)	(11,387,508)
Net current liabilities		<u>(12,257,375)</u>	<u>(10,736,914)</u>
Total assets less current liabilities		<u>38,231</u>	<u>1,427,480</u>
 Capital and reserves			
Called up share capital	7	100	100
Revaluation reserve	8	-	1,000,000
Profit and loss account	8	38,131	427,380
Shareholders' funds		<u>38,231</u>	<u>1,427,480</u>

1. Accounting policies

1.1 Accounting convention

The financial information has been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Compliance with accounting standards

The financial information has been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents income from rental income receivable and lease extension.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Motor vehicles	25% reducing balance
----------------	----------------------

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.5 Change in accounting policy

Pye Properties has changed the accounting policy of treating properties from Land and buildings under FRS15 to investment properties under SSAP 19. The change in treatment has not resulted in any adjustments to last years figures other than restatement of comparative as Investment properties.

2. Taxation

	Period ended 30 April 2006 £	Year ended 30 April 2007 £
Domestic current year tax		
UK corporation tax	-	423,461
Adjustment for prior years	-	217,078
Current tax charge	<u>-</u>	<u>640,539</u>

3. Tangible fixed assets

	Plant and machinery etc. £
Cost or valuation	
At 1 May 2006 & at 30 April 2007	7,475
Depreciation	
At 1 May 2006	1,869
Charge for the year	1,402
At 30 April 2007	<u>3,271</u>
Net book value	
At 30 April 2007	4,204
At 30 April 2006	<u>5,606</u>

4. Tangible fixed assets

	Investment properties £
Cost of valuation	
At 1 May 2006	12,290,000
Revaluation	1,000,000
Disposals	(1,129,810)
At 30 April 2007	<u>12,160,190</u>

The valuations of investment properties were made as at 30 April 2007 by the director, on an open market basis. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £11,160,190 (2006: £12,290,000).

An estimated tax charge of £300,000 (2006: Nil) would arise if the properties were sold at their revalued amount.

5. Debtors

	30 April 2006 £	30 April 2007 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	149,490
Other debtors	-	169,341
	<u>-</u>	<u>318,831</u>
	<u>-</u>	<u>318,831</u>

6. Creditors: amounts falling due within one year

	30 April 2006 £	30 April 2007 £
Bank loans and overdrafts	1,708,000	-
Amounts owed to group undertakings in which the company has a participating interest	10,905,246	10,905,246
Taxation and social security	-	435,181
Other creditors	39,150	47,081
	<u>12,652,396</u>	<u>11,387,508</u>
	<u>12,652,396</u>	<u>11,387,508</u>

7. Share capital

	30 April 2006 £	30 April 2007 £
Authorised 1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

8. Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance on incorporation	-	-
Profit for the period	-	<u>38,131</u>
Balance at 1 May 2006	-	38,131
Profit for the year	-	389,249
Revaluation during the year	1,000,000	-
Balance at 30 April 2007	<u>1,000,000</u>	<u>427,380</u>

9. Control

Pye Properties is a wholly owned subsidiary of UK Land.

The ultimate controlling party is Colin Tett due to his majority shareholding in UK Land.

10. Related party transactions

At the year end Pye Properties was owed £149,490 (2006: Nil) by Solo Estates Limited, a fellow subsidiary company it also owed £10,905,246 (2006: £10,905,246) to UK Land Limited, the parent company.

11. Subsequent events

On 18 July 2008 Pye Properties re-registered as a public limited company with the name Pye Properties Plc.

Appendix 3B - Financial Information Relating to UK Land

Basis of Presentation

The financial information contained within this Appendix 3B does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The financial information presented below has not been reported on for the purposes of this document. The results of UK Land for each of the two years ended 30 April 2007, have been extracted, without material adjustment, from the audited accounts.

Statutory accounts for UK Land in respect of each of the two years ended 30 April 2007 have been delivered to the Registrar of Companies. In respect of each of those accounts the auditors to UK Land Limited, Cavendish Chartered Certified Accountants, 61 Chandos Place, London, WC2N 4HQ, gave reports that were unqualified and did not contain a statement under Section 237(2) or Section 237(3) of the Act.

1. Profit and Loss Accounts

	Notes	Year ended 30 April 2006 £	Year ended 30 April 2007 £
Turnover		24,044	42,875
Cost of sales		(14,771)	-
Gross profit		9,273	42,875
Administrative expenses		(2,038)	(3,429)
Inter-group loans written off		21,530,983	-
Inter-group balances written off		(17,312,750)	52
Operating profit		4,225,468	39,498
Investment income	2	-	160,000
Profit on ordinary activities before taxation		4,225,468	199,498
Tax on profit on ordinary activities	3	(40,609)	(10,523)
Profit for the year	9	4,184,859	188,975

2. Balance Sheets

	Notes	30 April 2006 £	30 April 2007 £
Fixed assets			
Investments	5	3,576,952	3,555,817
Current assets			
Debtors	6	10,905,246	10,905,246
Cash at bank and in hand		22,030	5,123
		<u>10,927,276</u>	<u>10,910,369</u>
Creditors: amounts falling due within one year	7	(10,257,391)	(10,190,374)
Net current assets		<u>669,885</u>	<u>719,995</u>
Total assets less current liabilities		<u>4,246,837</u>	<u>4,275,812</u>
Capital and reserves			
Called up share capital	8	900	900
Other reserves	9	775	775
Profit and loss account	9	4,245,162	4,274,137
Shareholders' funds		<u>4,246,837</u>	<u>4,275,812</u>

1. Accounting policies

1.1 Accounting convention

The financial information has been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Compliance with accounting standards

The financial information has been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents income from property and joint ventures.

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Group accounts

The financial information relates to UK Land as an individual undertaking and not about its group. UK Land and its subsidiary undertakings comprise a small-sized group. UK Land has therefore taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 not to prepare group accounts in respect of the year ended 30 April 2007.

2. Investment income

	2006 £	2007 £
Income from shares in group undertakings	-	160,000
	<u>-</u>	<u>160,000</u>

3. Taxation

	2006 £	2007 £
Domestic current year tax		
UK corporation tax	-	8,000
Adjustment for prior years	40,609	2,523
Current tax charge	<u>40,609</u>	<u>10,523</u>

4. Dividends

	2006 £	2007 £
Ordinary interim paid	30,000	160,000

5. Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 May 2006	3,550,443
Additions	5,374
At 30 April 2007	3,555,817
Net book value	
At 30 April 2007	3,555,817
At 30 April 2006	3,576,952

Holdings of more than 20%

UK Land holds more than 20% of the share capital of the following companies:

Company	Country of registration Incorporation	Shares held Class	%
Subsidiary undertakings			
Solo Estates Limited	England	Ordinary	100.00
Solo Land Limited (indirect)	England	Ordinary	100.00
Pye Properties plc	England	Ordinary	100.00
Dandy Properties Limited	England	Ordinary	100.00
Participating interests			
Ward Fire (UK) Limited (indirect)	England	Ordinary	50.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2007 £	Profit/(loss) for the year 2007 £
	Principal activity		
Solo Estates Limited	Property trading and investment	11,300,043	973,476
Solo Land Limited (indirect)	Property trading and investment	(15,999)	(2,879)
Pye Properties plc	Property trading and investment	1,427,480	389,249
Dandy Properties Limited	Property trading and investment	4,860,132	246,448
Ward Fire (UK) Limited (indirect)	Fire prevention	(123,613)	(50,658)

As referred to in note 1.5 above the UK Land Group comprises a small-sized group and UK Land has therefore taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 not to prepare consolidated accounts for the group for the year ended 30 April 2007. Consolidated accounts were produced for the year ended 30 April 2006.

The consolidated net assets of the UK Land and its subsidiaries at 30 April 2006 was £15,607,791 and the consolidated retained profit for the year ended 30 April 2006 was £570,644.

6. Debtors

	2006	2007
	£	£
Amounts owed by group undertakings and undertakings in which UK Land has a participating interest	10,905,246	10,905,246

7. Creditors: amounts falling due within one year

	2006	2007
	£	£
Amounts owed to group undertakings in which UK Land has a participating interest	10,208,652	10,162,573
Taxation and social security	48,739	24,863
Other creditors	-	2,938
	<u>10,257,391</u>	<u>10,190,374</u>

8 Share capital

	2006	2007
	£	£
Authorised		
1,000 Founder shares of 10p each	100	100
10,000 Ordinary shares of 10p each	1,000	1,000
	<u>1,100</u>	<u>1,100</u>
Allotted, called up and fully paid		
1,000 Founder shares of 10p each	100	100
8,000 Ordinary shares of 10p each	800	800
	<u>900</u>	<u>900</u>

9. Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 May 2005	775	60,303
Profit for the year	-	<u>4,184,859</u>
Balance at 1 May 2006	775	4,245,162
Profit for the year	-	188,975
Dividends paid	-	(160,000)
Balance at 30 April 2007	<u>775</u>	<u>4,274,137</u>

10. Control

The ultimate controlling party is Colin Tett by virtue of his shareholding.

11. Related party transactions

Amounts owed by group undertakings of £10,905,246 (2006: £10,905,246) are due from Pye Properties, a subsidiary undertaking.

Amounts owed to group undertakings include £10,112,573 (2006: £10,130,348) due to Solo Estates Limited, a subsidiary and £50,000 (2006: £50,000) due to Solo Land Limited, a subsidiary undertaking.

APPENDIX 4 – TERMS AND CONDITIONS OF THE LOAN NOTES

The floating rate guaranteed unsecured loan notes due 30 June 2018 of Pye Properties will be constituted by a loan note instrument (the "Loan Note Instrument") to be executed by way of deed poll by Pye Properties. The obligations of Pye Properties under the Loan Notes as to principal and six months interest will be guaranteed by Bank of Scotland (the "Guarantor") as described in paragraph 6 below. The issue of the Loan Notes is subject to the Offer becoming unconditional in all respects. The Loan Note Alternative will not be available to Restricted Overseas Persons. The Loan Note Instrument will contain provisions, inter alia, to the effect set out below.

1. **Form and Status**

The Loan Notes will be issued by Pye Properties in amounts and integral multiples of £1 and will constitute unsecured obligations of Pye Properties which will rank *pari passu* equally and rateably with all the present and future unsecured obligations of Pye Properties, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Loan Note Instrument will not contain any restrictions on borrowing, disposals or charging of assets by Pye Properties or any of its subsidiaries.

2. **Interest**

2.1 Save for the initial interest period up to (but excluding) 31 December 2008 referred to below, interest on the Loan Notes will be payable (subject to any requirement to deduct tax therefrom) semi-annually in arrears on 30 June and 31 December in each year or, if either such a day is not a business day, on the next following business day (each an "interest payment date"). The first payment of interest on the Loan Notes will be made on 31 December 2008 in respect of the period from (and including) the date of issue up to (but excluding) 31 December 2008.

2.2 The rate of interest on the Loan Notes will be the rate per annum which is 0.2 per cent. below the base rate from time to time of Bank of Scotland. Interest shall accrue from day to day and each instalment of interest shall be calculated on the basis of a 365 day year (or a 366 day year in the case of an interest payment date falling in a leap year) and the actual number of days elapsed in the relevant interest period. Interest on the Loan Notes becoming liable to repayment shall cease to accrue as from the due date for repayment of such Loan Notes. If Pye Properties fails to pay a Noteholder any amount (whether principal or interest) due on his Loan Notes on the date on which such amount is due and payable, the Pye Properties shall (without prejudice to all other rights and remedies of the Noteholder in respect of such failure) pay to that Noteholder simple interest at a rate which is 3% higher than the rate which applies (or would apply if it were principal) in accordance with this paragraph on such overdue amount from the date of such failure up to the date of actual payment (after as well as before judgement), calculated and accruing on a daily basis for so long as the amount remains unpaid.

3. **Repayment and redemption**

3.1 A holder of Loan Notes (a "Noteholder") shall be entitled to require Pye Properties to repay the whole (whatever the amount) or any part (being £1,000 in nominal amount or any integral multiple thereof) of the principal amount of his holding of Loan Notes at par, together with accrued interest thereon (subject to any requirement to deduct tax therefrom) up to (but excluding) the relevant date of repayment, on any interest payment date, from and including 30 June 2009 and thereafter on any interest payment date falling prior to 30 June 2018 by giving not less than 30 days' prior notice in writing to Pye Properties' registrars accompanied by certificate(s) for all the Loan Notes to be repaid and a notice of redemption (duly completed) in the prescribed form endorsed on the Loan Notes to be repaid.

- 3.2 If, at any time:
- (a) the aggregate nominal amount of all Loan Notes outstanding is less than £1,000,000; or
 - (b) by reason of a change of law (including any subordinate legislation) or practice of HM Revenue & Customs, the interest payable on the Loan Notes falls to be treated as a distribution for corporation tax purposes or otherwise non-deductible for tax purposes;

Pye Properties shall have the right on giving the remaining Noteholders not less than 30 days' notice in writing expiring on 30 June 2009 or on any subsequent interest payment date, to redeem all (but not some only) of the outstanding Loan Notes at their principal amount together with accrued interest thereon (subject in each case to any requirement to deduct tax therefrom) up to (but excluding) the date of repayment.

- 3.3 Any Loan Notes not previously repaid, redeemed or purchased will be repaid in full at par on 30 June 2018 (or, if that day is not a business day, on the immediately preceding business day) together with accrued interest thereon (subject in each case to any requirement to deduct tax therefrom) up to (but excluding) that date.

- 3.4 Pye Properties shall have the right on a redemption by Pye Properties as referred to in paragraph 3.3, by giving written notice to Noteholders on the date (the "Election Date") not less than 28 days prior to the date of redemption (the "Redemption Date"), to pay each Noteholder (subject to certain limitations) an amount of US dollars equal to the amount in US dollars which could be purchased at such rate as Bank of Scotland shall certify to Pye Properties as the spot rate at or about 11.00 a.m. on the Election Date for the purchase of US dollars with pounds sterling with a sterling amount equal to the principal amount of the Loan Notes to be redeemed, provided that such amount shall be not less than 99.8 per cent, and no more than 100.2 per cent, of the amount in US dollars that the sterling principal amount of the Loan Notes to be redeemed could have purchased on the Redemption Date. However, if Pye Properties fails to make any payments when due in such circumstances, the Guarantor shall only be obliged to make payments to the Noteholders in sterling even if Pye Properties has previously given notice that payments shall be made in US Dollars.

- 3.5 Any Loan Notes repaid, redeemed or purchased will be cancelled and not available for reissue.

- 3.6 Each Noteholder shall be entitled (up to but excluding the date of redemption) to require all or any part thereof of the Loan Notes held by him/her to be repaid immediately at par together with accrued interest (subject to any requirement to deduct any tax therefrom) if:

- (a) Pye Properties fails to pay when due any principal payable on repayment of any of his Notes, or fails to pay within 14 days after the due date for payment any interest payable on any of his Notes; or
- (b) Pye Properties makes default for more than 21 days (after notification to Pye Properties of any such default has been received from any Noteholder) in the performance of, observance of or compliance with any of its other undertakings contained in this Instrument and such default is materially prejudicial to the interest of Noteholders generally; or
- (c) an order is made or an effective resolution is passed for the winding-up or dissolution of Pye Properties (otherwise than for the purposes of an amalgamation or reconstruction or a members' voluntary winding-up upon terms

previously approved by Extraordinary Resolution), or Pye Properties stops or threatens to stop payment of its debts, or Pye Properties ceases or threatens to cease to carry on its business; or

- (d) an administrator of Pye Properties is appointed of all or substantially all of the undertaking and assets of Pye Properties; or
- (e) a receiver, administrative receiver or similar official is appointed in respect of all or substantially all of the undertaking and assets of Pye Properties;
- (f) any distress or execution (or other similar process) is levied upon or enforced against all or a substantial part of the assets or property of Pye Properties and is not fully paid out or discharged within 90 days; or
- (g) any process or event with an effect analogous to any of those referred to in paragraphs (a) to (g) (inclusive) happens to Pye Properties in a jurisdiction outside England and Wales.

3.7 Pye Properties will be entitled at any time to purchase any Loan Notes by tender (available to all Noteholders alike), private treaty or otherwise, at any price agreed with the relevant Noteholder(s).

4. **Modification**

The Noteholders will have power by extraordinary resolution of the Noteholders passed in accordance with the provisions of the Loan Note Instrument or by resolution in writing signed by holders of 75 per cent. of the outstanding Loan Notes (but subject to the consent of Pye Properties and the Guarantor), inter alia, to sanction any amendment, modification, abrogation or compromise in respect of the provisions of the Loan Note Instrument, the guarantee, or the rights of the Noteholders against Pye Properties and/or the Guarantor, including, without limitation, a modification affecting the payment of interest or principal under the Loan Notes or a modification affecting the provisions relating to redemption or repayment of the Loan Notes.

5. **Registration, transfer and marketability**

5.1 The Loan Notes will be evidenced by certificates and will be registered. The Loan Notes will not be transferable.

5.2 The Loan Notes have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state of the United States. No steps have been taken, nor will any be taken, to enable the Loan Notes to be offered in compliance with the applicable securities laws of Canada or Japan or any other jurisdiction other than the United Kingdom and no prospectus in relation to the Loan Notes has been, or will be, lodged with or registered by the Australian Securities and Investments Commission or any other jurisdiction. Accordingly, the Loan Notes may not be offered, sold, transferred, resold, delivered or distributed, directly or indirectly, in or into or from the United States, Canada, Australia or Japan or to or for the account or benefit of any person or resident of the United States, Canada, Australia or Japan or any other jurisdiction other than the United Kingdom (except in transactions exempt from or not subject to the registration requirements of the US Securities Act or the relevant securities laws of Canada, Australia, Japan or in compliance with the securities laws of the relevant jurisdiction).

5.3 No application has been made, nor is intended to be made, for the Loan Notes to be listed or dealt in on any stock exchange.

6. **Guarantee**

Bank of Scotland has agreed to guarantee the Loan Notes, subject to the limitations set out below. The maximum liability of Bank of Scotland under the Guarantee at any time shall be limited to:

- (a) the principal amount of the Loan Notes outstanding from time to time; and
- (b) six months unpaid interest on such Loan Notes calculated at the rate of 4.8% per annum.

The limit on the liability of Bank of Scotland under the Guarantee will be expressed in the Instrument as an amount which will be calculated by reference to the maximum nominal amount of Loan Notes that might be issued under the Loan Note Alternative at the time that the Instrument is executed.

7. **Unclaimed interest or principal**

Any interest or principal in respect of a Loan Note which remains unclaimed after the period of six years from the date of first payment shall revert to Pye Properties notwithstanding that in the intervening period the obligation to pay the same may have been provided for in the books, accounts and the other records of Pye Properties.

8. **Governing Law**

The Loan Notes and the Loan Note Instrument will be governed by and construed in accordance with the laws of England.

APPENDIX 5 – ADDITIONAL INFORMATION

1. Responsibility statements

- (a) The Pye Properties Directors, whose names are set out in paragraph 2A below, accept responsibility for the information contained in this document (other than that relating to the Bennet Property Group, the Bennet Property Directors and their immediate families, persons connected with the Bennet Property Directors and their related trusts and controlled companies). To the best of the knowledge and belief of the Pye Properties Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Bennet Property Directors, whose names are set out in paragraph 2B below, accept responsibility for the information contained in this document relating to the Bennet Property Group, the Bennet Property Directors and their immediate families, persons connected with the Bennet Property Directors and their related trusts and controlled companies. To the best of the knowledge and belief of the Bennet Property Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

A. *Pye Properties*

Colin Tett	Chairman
Victoria Tett	Director

The business address of each of the Pye Properties Directors is Wormstall, Wickham, Newbury, Berkshire RG20 8HB which is also the registered office and head office of Pye Properties.

B. *Bennet Property*

The names of the Bennet Property Directors and their respective functions are as follows:

Keith John Tilley	Non-executive Chairman
David Michael Charles	Managing Director
Michael John Cameron Hawkes	Non-executive Director
Brian Denis Oram	Non-executive Director

The business address of each of the Bennet Property Directors is Normandy Hill House, Normandy Common Lane, Normandy, Guildford, Surrey GU3 2AP which is also the registered office and head office of Bennet Property.

3. Irrevocable undertakings

The following Bennet Property Shareholders have given irrevocable undertakings to accept the Offer in respect of the following numbers of Bennet Property Shares. The Bennet Property Shareholders shown in the table below with an asterix * next to their names have undertaken to accept cash consideration under the Offer, not the Loan Note Alternative, for all of their Bennet Property Shares. Their reasons for accepting cash, rather than electing for the Loan Note Alternative, relate purely to their own particular circumstances and should not be considered as a guide to the election which each Bennet Property Shareholder will need to make between the cash Offer and the Loan Note Alternative.

Bennet Property Shareholder	Number of Bennet Property Shares
Keith John Tilley*	30,000
Audrey Tilley*	29,500
Maceberry Limited*	36,513
David Michael Charles	10,850
Rosemary Charles	14,621
Michael Charles	500
Brian Dennis Oram & Margaret Oram	3,750
Margaret Oram	3,750
Edward Hawkes*	13,969
Jonathan Hawkes*	20,750
Laura Hawkes*	7,219
Peter Hawkes*	17,300
Tania Hawkes*	7,218
Suzanna Watt*	7,219
Bizy Investments Limited*	17,500

4. Disclosure of interests and dealings in relevant securities

A. For the purpose of this Appendix 5:

- (a) “acting in concert” means any such person acting or deemed to be acting in concert with the relevant party for the purposes of the City Code and/or the Offer;
- (b) “arrangement” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) “associate” of any company has the meaning ascribed in the City Code and includes (without limitation):
 - (i) its parent companies, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies;
 - (ii) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (iii) its directors and the directors of any company covered in paragraph 4A(c)(i) of this Appendix 5 (together with their close relatives and related trusts);
 - (iv) its pension funds or the pension funds of any company covered in paragraph 4A(c)(i) of this Appendix 5;
 - (v) an investment company, unit trust or other person whose investments an associate (as otherwise defined in paragraph 4A(c) of this Appendix 5) manages on a discretionary basis, in respect of the relevant investment accounts;
 - (vi) its employee benefit trusts or the employee benefit trusts of any company covered in paragraph 4A(c)(i) of this Appendix 5; and
 - (vii) a company having a material trading arrangement with it;

- (d) “connected adviser” means:
- (i) in relation to Pye Properties or Bennet Property, an organisation which is advising that party in relation to the Offer and a corporate broker to that party;
 - (ii) in relation to a person who is acting in concert with Pye Properties or Bennet Property, an organisation which is advising that person either in relation to the Offer or in relation to the matter which is the reason for that person being a member of the relevant concert party; and
 - (iii) in relation to a person who is an associate of Pye Properties or Bennet Property by virtue of paragraph 4A(c)(i) of this Appendix 5, an organisation which is advising that person in relation to the Offer;

but shall not include a corporate broker which is unable to act in connection with the Offer because of a conflict of interest;

- (e) “dealing” or “dealt” includes the following:
- (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
 - (ii) subscribing or agreeing to subscribe for securities;
 - (iii) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
 - (iv) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
 - (v) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
 - (vi) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (f) “derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (g) “disclosure period” means:
- (i) in respect of those parties listed in Code Rules 25.3(a)(i) and 25.3(a)(ii)(b) to (g), the period commencing on the day the Offer Period begins and ending on 18 July 2008 (being the last practicable date before the publication of this document); and
 - (ii) in respect of all other persons, the period commencing on 21 July 2007 (being the date 12 months prior to the commencement of the Offer Period) and ending on 18 July 2008 (being the last practicable date before the publication of this document);

- (h) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the holding or holdings give(s) de facto control;
- (i) “Pye Properties securities” means any shares in the capital of Pye Properties or any securities convertible into or rights to subscribe for or options in respect of shares in the capital of Pye Properties;
- (j) “Bennet Property securities” means any shares in the capital of Bennet Property or any other securities convertible into or rights to subscribe for or options in respect of shares in the capital of Bennet Property;
- (k) “relevant securities” means Pye Properties securities and Bennet Property securities;
- (l) a person is treated as “interested” in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as having an interest in securities if:
 - (i) he owns them;
 - (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative he:
 - (aa) has the right or option to acquire them or call for their delivery; or
 - (bb) is under an obligation to take delivery of them;

whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) he is party to any derivative:
 - (aa) whose value is determined by reference to their price; and
 - (bb) which results, or may result, in his having a long position in them.

B. Interests and dealings in UK Land securities

- (1) Colin Tett owns 990 of the 1,000 issued Founder Shares of 10 pence each in UK Land. The remaining 10 Founder Shares are owned by Mrs V R Tett. The 8,000 issued Ordinary Shares of 10 pence in UK Land are owned by Mrs V R Tett and by Colin and Victoria Tett’s children, Mrs J E Kidston, Mr H G M Tett and Mr F F J Tett. The Founder Shares carry 10 votes per share and have preferential rights in the case of the liquidation of, or further issue of shares by, UK Land. Colin Tett holds 55% of the votes attaching to all the issued shares in the capital of UK Land with Mrs V R Tett holding 12% of the votes and Mrs J E Kidston, Mr H G M Tett and Mr F F J Tett each holding 11% of the votes.

Save as disclosed, none of the Pye Properties Directors, their immediate families, related trusts, any person whose interests in UK Land securities a Pye Properties Director is taken to be interested in pursuant to Part 22 of the Companies Act 2006, nor any person

connected with a Pye Properties Director (within the meaning of section 252 of the Companies Act 2006), associates of Pye Properties or any person acting in concert with Pye Properties have any interest pursuant to Part 22 of the Companies Act 2006 in UK Land securities or any of its subsidiaries, whether beneficial or non-beneficial.

(2) Pye Properties is a wholly owned subsidiary of UK Land.

C. *Interests and dealings in Bennet Property securities*

As at the last day of the disclosure period, save as set out below, none of the Bennet Property Directors, their immediate families, related trusts any person whose interests in Bennet Property securities a Bennet Property Director is taken to be interested in pursuant to Part 22 of the Companies Act 2006 or any person connected with a Bennet Property Director (within the meaning of section 252 of the Companies Act 2006), associates of Bennet Property or any other person acting in concert with Bennet Property had any interest pursuant to Part 22 of the Companies Act 2006 in Bennet Property securities or any of its subsidiaries, whether beneficial or non-beneficial.

Bennet Property Directors: interests in Bennet Property Shares

Name of Bennet Property Shareholder	Relevant Bennet Property Director (if applicable)	Relationship with relevant Bennet Property Director (if applicable)	Number of Bennet Property Shares
Keith John Tilley			30,000
Audrey Tilley	KJ Tilley	Wife	29,500
Maceberry Limited	KJ Tilley	Family company	36,513
Executors of Lucy Davis	KJ Tilley	Mr Tilley is joint trustee and his family is beneficially interested in the will trust	30,000
David Michael Charles			10,850
Rosemary Charles	DM Charles	Wife	14,621
Michael Charles	DM Charles	Son	500
Suzanna Watt	MJC Hawkes	Daughter	7,219
Edward Hawkes	MJC Hawkes	Son	13,969
Jonathan Hawkes	MJC Hawkes	Brother	20,750
Laura Hawkes	MJC Hawkes	Daughter	7,219
Tania Hawkes	MJC Hawkes	Daughter	7,218
Peter Hawkes	MJC Hawkes	Brother	17,300
Jacqueline Hall	MJC Hawkes	Sister	15,750
Bizy Investments Limited	MJC Hawkes	Family Company	17,500
Brian Denis Oram & Margaret Oram			3,750
Margaret Oram	BD Oram	Wife	3,750

The following dealings in Bennet Property Shares by the Bennet Property Directors have taken place during the disclosure period:-

<i>Shares</i>	<i>Nature</i>	<i>No. of</i>	<i>Price</i>
<i>Date</i>	<i>Name</i>	<i>Shares</i>	<i>per</i>
			<i>Share</i>
31 March 2008	DM Charles	500	£0 (gift)
20 March 2008	MJC Hawkes & D Hawkes	3,219	" "
20 March 2008	MJC Hawkes & D Hawkes	3,219	" "
20 March 2008	MJC Hawkes & D Hawkes	3,219	" "
20 March 2008	MJC Hawkes & D Hawkes	3,218	£0 (gift)
25 March 2008	MJC Hawkes	6,750	" "
25 March 2008	MJC Hawkes	4,000	" "
25 March 2008	MJC Hawkes	4,000	" "
25 March 2008	MJC Hawkes	4,000	" "
25 March 2008	MJC Hawkes	4,000	" "

The only dealing for value in Bennet Property Shares during the period between 18 January 2008 and 21 July 2008 of which the Bennet Property Directors are aware is a sale of 400 Bennet Property Shares at a price of £11.25 per share made by way of a transfer dated 15 May 2008.

D. General

Save as disclosed in this document, as at close of business on 18 July 2008 (being the latest practicable date before the publication of this document):

- (1) none of Pye Properties nor any of the Pye Properties Directors or their immediate families and relatives and related trusts or any persons acting or deemed to be acting in concert with Pye Properties nor, so far as the Pye Properties Directors are aware, any associate of Pye Properties:
 - (a) had any interest in or a right to subscribe for any relevant securities;
 - (b) engaged in dealing in any relevant securities during the disclosure period;
 - (c) had any short position in, was party to any agreement to sell, or subject to any delivery obligation in respect of, or had the right to require another person to purchase or take delivery of, any relevant securities; or
 - (d) had borrowed or lent any relevant securities;

- (2) none of Bennet Property nor any of the Bennet Property Directors nor their immediate families and relatives and related trusts nor any persons acting or deemed to be acting in concert with Bennet Property nor, so far as the Bennet Property Directors are aware, any associate of Bennet Property:
 - (a) had any interest in or a right to subscribe for any relevant securities;
 - (b) engaged in dealing in any relevant securities during the disclosure period;
 - (c) had any short position in, was party to any agreement to sell, or subject to any delivery obligation in respect of, or had the right to require another person to purchase or take delivery of, any relevant securities; or
 - (d) had borrowed or lent any relevant securities;

- (3) neither Pye Properties nor any person acting in concert with Pye Properties nor, so far as the Pye Properties Directors are aware, any associate of Pye Properties is party to any arrangement of the kind referred to in paragraph 4 A(b) above;
- (4) neither Bennet Property nor any person acting in concert with Bennet Property nor, so far as the Bennet Property Directors are aware, any associate of Bennet Property, is party to any arrangement of the kind referred to in paragraph 4 A(b) above; and
- (5) no agreement, arrangement or understanding (including any compensation arrangement) exists between Pye Properties or any party acting in concert with it and any of the Bennet Property Directors, recent directors of Bennet Property, shareholders or recent shareholders of Bennet Property, or any person interested or recently interested in Bennet Property securities, having any connection with, or dependence upon, the Offer.

5. Service contracts of Pye Properties Directors

There are no service contracts between any Pye Properties Director and Pye Properties or UK Land or any of its subsidiaries having more than 12 months to run, and no such contract has been entered into or amended within six months prior to the date of this document.

There will be no variation in the emoluments received by the Pye Properties Directors as a consequence of the Offer.

6. Service contracts of Bennet Property Directors

Details of the service contracts and letters of appointment in respect of the Bennet Property Directors are as follows:

- A. Service agreement dated 11 December 1996 between Mr David Michael Charles and Bennet Property (as amended by an agreement dated 26 May 1998) pursuant to which Mr Charles is employed, on a part time basis, as Bennet Property's Managing Director. Mr Charles' employment is terminable by Bennet Property on twenty four months' notice (or upon payment in lieu of notice). Mr Charles' employment will terminate automatically on 13 April 2009 (being Mr Charles 65th birthday and normal retirement age). Mr Charles' current salary is £51,170 per annum. Mr Charles' contract was varied on 6 June 2008 to provide for a one-off payment of £20,000 in recognition of the additional work Mr Charles has been required to carry out in respect of the Offer, which is in addition to his normal duties. In addition to his salary, Mr Charles is entitled to a contribution to his pension scheme from Bennet Property of £4,000 per annum. This sum is paid by way of a single annual payment in April each year, with the latest payment having been made in the year beginning 6 April 2008. Mr Charles also participates in the Bennet Property Directors' bonus scheme (see below).
- B. Messrs Tilley, Hawkes and Oram are non-executive directors of Bennet Property and do not have written contracts. Mr Tilley is paid a fee of £5,350 per annum. Mr Hawkes and Mr Oram are paid a fee of £2,665 per annum.
- C. Bennet Property operates a bonus scheme for the Bennet Property Directors. Each Bennet Property Director's proportionate entitlement to the bonus pool is calculated by reference to the proportion that director's basic salary formed of the total amount of all the directors' basic salaries in the year 2000. The total bonus payment to the Bennet Property Directors for the year ended 31 December 2007 was £115,401, which was paid on 23 June 2008 (in accordance with resolution 3 passed at Bennet Property's annual general meeting held on 23 June 2008).

Save as set out in this paragraph 6, there are no service contracts between any Bennet Property Director and Bennet Property or any of its subsidiaries having more than 12 months to run, and no such contract has been entered into or amended within six months prior to the date of this document.

7. Material contracts

A. UK Land Group

The following contracts have been entered into by members of the UK Land Group otherwise than in the ordinary course of business since 21 July 2006 (being the date two years prior to the commencement of the Offer Period) and are, or may be, material:

- (1) The Facilities Agreement dated 21 July 2008 between Pye Properties and Bank of Scotland (“Bank”) pursuant to which the Bank has agreed to make available to Pye Properties a loan facility and a loan note guarantee facility in the aggregate principal amount of £18,597,000 (“Commitment”) (the “Facilities”) for the purposes of financing the Offer provided utilisation is requested by Pye Properties within the period of 140 days from the date of this document (“Availability Period”).

Loan Facility

The loan facility is repayable on the first anniversary of the date of first drawdown. Interest is payable on the amount of the loan facility outstanding at 2% above 3 month LIBOR plus an additional interest rate calculated so as to compensate the Bank for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority or (b) the requirements of the European Central Bank.

Loan Note Guarantee Facility

The Bank has agreed to guarantee the Loan Notes for up to 10 years from the date of first utilisation, subject to the limitations set out below. The maximum liability of the Bank under the Guarantee at any time shall be limited to:

- (a) the principal amount of the Loan Notes outstanding from time to time; and
- (b) six months unpaid interest on such Loan Notes calculated at the rate of 4.8% per annum.

The limit on the liability of Bank of Scotland under the Guarantee will be expressed in the Instrument as an amount which will be calculated by reference to the maximum nominal amount of Loan Notes that might be issued under the Loan Note Alternative at the time that the Instrument is executed.

Conditions to Availability and Utilisation of the Facilities

Drawdown of a loan amount or a request for guarantee of the Loan Notes within the Availability Period is conditional, *inter alia*, upon Pye Properties:-

- (a) entering into a charge in favour of the Bank over the Bennet Property Shares acquired by Pye Properties;
- (b) entering into a deed of charge over deposit in favour of the Bank creating a first ranking security over monies arising from the sale of assets to be deposited in accordance with the Facilities Agreement by Pye Properties in a blocked bank account with the Bank and providing cash backing for the Loan Note Guarantee (“the Charge Over Deposit”);
- (c) entering into a counter indemnity, indemnifying the Bank in respect of the Guarantee;

(d) certifying that £5,079,000 (in respect of the Director's Loan Facility Letter (summarised in paragraph 7A(2) below), the Solo Loan Facility Letter (summarised in paragraph 7A(3) below) and £79,000 from the Pye Properties' existing resources) has been applied or will, simultaneously with the first utilisation be applied for the same purpose as the proceeds of the first drawdown; and

(e) providing a certificate from the receiving agent to the Offer certifying the receipt of acceptances of the Offer from persons holding not less than 90% of the Bennet Property Shares.

Upon the above conditions precedent to the availability of the Facilities being satisfied, the Bank shall only be entitled to decline to make available a utilisation or issue the Loan Note Guarantee by reason of: (i) any breach of certain limited representations and warranties; (ii) any event of default relating to breach of the Offer Covenants (referred to below), insolvency, unlawfulness and invalidity, non-payment of fees due to the Bank (iii) Pye Properties cancelling, rescinding or purporting to rescind the Facilities.

Conditions Subsequent

On the date which is the earlier of (i) within 10 business days of the acquisition of Bennet Property Shares in accordance with the provisions of sections 974 to 991 (inclusive) of the Companies Act 2006 and (ii) 6 months of the date on which the Offer becomes or is declared unconditional in all respects, Pye Properties is obliged to satisfy certain conditions subsequent, including:-

(a) accession to the Facilities Agreement by each member of the Bennet Property Group;

(b) each member of the Bennet Property Group entering into, in favour of the Bank by way of security in respect of such companies obligations under the Facilities Agreement (i) cross-guarantees; (ii) debentures; and (iii) legal charges, charging in favour of the Bank, real property assets of such companies;

(c) Pye Properties entering into a further charge in favour of the Bank over Bennet Property Shares acquired by Pye Properties; and

(d) Pye Properties entering into the cross-guarantees with all members of the Bennet Property Group such that the obligations of each such company in favour of the Bank under the Facilities Agreement will be guaranteed by the others.

Offer Covenants

Pursuant to the Facilities Agreement, Pye Properties has covenanted to the Lender relating to the conduct of the Offer, *inter alia*:-

(a) not, without the prior approval of the Bank, (i) to waive or amend the 90% acceptance level condition of the Offer; or (ii) to make any material alteration (other than a waiver) to the terms and conditions of the Offer;

(b) to notify the Bank upon becoming aware of any circumstance or event which is or could reasonably be construed as being covered by a condition of the Offer which, if not waived, would entitle it, with the consent of the Takeover Panel if needed, to lapse the Offer;

(c) to comply in all material respects with the provisions of the City Code, the Financial Services and Markets Act 2000 and the Companies Act 2006; and

(d) not to become, and to use its best endeavours to procure that no person acting in concert (as defined in the City Code) with it becomes obliged to make an offer to Bennet Property Shareholders under Rule 9 of the City Code.

In addition, Pye Properties has given warranties, indemnities and undertakings in favour of the Bank in terms broadly expected in a financing agreement of the nature of the Facilities Agreement.

Fees

In consideration of providing the facilities, Pye Properties has agreed to pay the Bank (i) an arrangement fee of £185,970 payable no later than the date of first utilisation; (ii) a non-utilisation fee of 1% on the amount of the Commitment not utilised (if any) prior to the expiry of the Availability Period, payable on the earlier of (a) the date the Commitment is drawn down in full and (b) the last day of the Availability Period (iii) a commitment fee of £46,492.50 payable on the date of the Facilities Agreement (iv) an exit fee of £185,970 payable on the date of repayment of the loan facility in full; and (v) an annual commission in respect of the loan note guarantee equal to 1% of the Bank's maximum liability under the Loan Note Guarantee in each six month period from the date of issue of the Loan Note Guarantee payable at the end of each such six month period.

Security for the Facilities

The facilities are initially secured by and existing first charges over all of the real property assets of Pye Properties. Further security is to be provided by way of (a) a charge in favour of the Bank over the Bennet Property Shares acquired by Pye Properties upon first utilisation of the Facilities; (b) the Charge Over Deposit; and (c) as described above in satisfaction of the Conditions Subsequent.

- (2) A facility letter dated 21 July 2008 entered into between Pye Properties and Colin Tett (as lender) ("Director's Loan Facility Letter") pursuant to which Colin Tett has agreed to make available to Pye Properties an unsecured subordinated loan facility of up to £2,500,000 for the purposes of financing the Offer. Subject to the terms of the Intercreditor Agreement (as defined in paragraph 7A(5) below), the loan is to be repayable in full, together with all accrued interest, on demand by Colin Tett. The loan will bear interest at the rate of 2% per annum above the base rate from time to time of the Bank of Scotland.
- (3) A facility letter dated 21 July 2008 entered into between Pye Properties and Solo Estates Limited (as lender) ("Solo") ("Solo Loan Facility Letter") pursuant to which Solo has agreed to make available to Pye Properties an unsecured subordinated loan facility of up to £2,500,000 for the purposes of financing the Offer. Subject to the terms of the Intercreditor Agreement, the loan is to be repayable in full, together with all accrued interest, on demand by Solo. The loan will bear interest at the rate of 2% per annum above the base rate from time to time of the Bank of Scotland.
- (4) A facility letter dated 21 July 2008 entered into between Pye Properties and UK Land (as lender) ("UKL") ("UKL Loan Facility Letter") in respect of an existing interest free unsecured loan of £11,074,184 made available to Pye Properties by UKL. Subject to the terms of the Intercreditor Agreement, the loan is to be repayable in full on demand by UKL.

- (5) An intercreditor agreement dated 21 July 2008 entered into between the Bank of Scotland, Pye Properties, Colin Tett, Solo and UKL (“Intercreditor Agreement”). Pursuant to the Intercreditor Agreement, all and any monies and liabilities owing to the Bank of Scotland shall, until repayment of the loan and all other amounts owing under the Facilities Agreement and the Bank of Scotland confirming in writing to Pye Properties that the Guarantee is fully cash covered, rank in priority to any and all monies and liabilities owing to Colin Tett, Solo and UKL under the Director’s Loan Facility Letter, the Solo Loan Facility Letter and the UKL Loan Facility Letter respectively.

B. Bennet Property

No material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Bennet Property Group since 21 July 2006 (being the date two years prior to the commencement of the Offer Period).

8. Material changes

A. Pye Properties

Save as disclosed in this document, there has been no material change in the financial or trading position of Pye Properties since 31 March 2007, being the date to which the last published audited accounts for Pye Properties were prepared.

B. Bennet Property

Save as disclosed in this document, there has been no material change in the financial or trading position of the Bennet Property Group since 31 December 2007, being the date to which the last published audited accounts for Bennet Property were prepared.

9. Dealing disclosure requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of Pye Properties or Bennet Property, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Pye Properties or Bennet Property, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of Pye Properties or of Bennet Property by Pye Properties or Bennet Property, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

10. Other information

- A. Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Pye Properties or any party acting in concert with Pye Properties for the purposes of the Offer and any of the directors, recent directors, shareholders or recent shareholders of Bennet Property or any person interested in or recently interested in Bennet Property Shares having any connection with, or dependence on, or which is conditional on, the outcome of the Offer.
- B. Mazars Corporate Finance has given and not withdrawn its written consent to the issue of this document with the references to its name and opinion in the form and context in which they appear.
- C. Bishop Fleming has given and not withdrawn its written consent to the issue of this document with the references to its name, recommendation or opinion in the form and context in which they appear.
- D. James Cowper has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which they appear.
- E. Atisreal has given and not withdrawn its written consent to the issue of this document with the references to its name and valuation report in the form and context in which they appear.
- F. Save as disclosed in this document, no proposal exists in connection with the Offer for any payment or other benefit to be made or given to any Bennet Property Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.
- G. There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Bennet Property Shares acquired by Pye Properties in pursuance of the Offer will be transferred to any other person, save that Pye Properties reserves the right to transfer any such shares to any of its subsidiaries.

11. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Faegre & Benson LLP, 7 Pilgrim Street, London EC4V 6LB while the Offer remains open for acceptance:

- (a) the memorandum and articles of association of Pye Properties;
- (b) the audited accounts of Pye Properties for the period ended 30 April 2006 and the year ended 30 April 2007;
- (c) the audited accounts of UK Land for each of the two years ended 30 April 2007;
- (d) the memorandum and articles of association of Bennet Property;
- (e) the audited consolidated accounts of the Bennet Property Group for each of the three years ended 31 December 2007;
- (f) the service contract referred to in paragraph 6 of this Appendix 5;
- (g) the material contracts referred to in paragraph 7 of this Appendix 5;

- (h) the irrevocable undertakings to accept the Offer referred to in paragraph 3 of this Appendix 5;
- (i) the letters of consent referred to in paragraphs 10B, 10C 10D and 10E of this Appendix 5;
- (j) the Atisreal valuation report, an extract of which is set out in Appendix 6;
- (k) this document; and
- (l) the Form of Acceptance.

Dated: 21 July 2008

APPENDIX 6 – PROPERTY VALUATION



Investment Valuations

Private & confidential

The Directors
Bennet Property PLC
Normandy Hill House
Normandy
Surrey
GU3 2AP

David Mills
Director
Atisreal UK
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London WC2A 1EU
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Our Ref: DNM/MSS/jpo/082655

7 July 2008

Dear Sirs/Madams

BENNET PROPERTY PLC PORTFOLIO

1 TERMS OF REFERENCE

- 1.1 The Portfolio comprises fourteen freehold properties owned by Bennet Property PLC and its subsidiaries, Dovemill Properties Limited and Marlborough Park Investments Limited. A list of the properties can be seen on the attached schedule. The properties owned directly by Bennet Property PLC are held as investments and the properties owned by either subsidiary company (Fishponds, Bristol; Windsor Industrial Estate, Hertford; Green Street, Neath; and High Street, Hounslow) are held as stock. This valuation is required for the purposes of a possible sale of the Company's property assets.
- 1.2 This valuation is prepared in accordance with your instructions of 18 June 2008 the terms of our letter of 2 July 2008, and the Valuation Procedure and Assumptions enclosed with that letter. Copies of these documents are attached.
- 1.3 This valuation has been prepared in accordance with the RICS Valuation Standards, [the "Red Book"]. The extent of our investigations and the sources of information on which we have relied are described in the Valuation Procedure and Assumptions.
- 1.4 The properties were inspected as detailed by us on the attached schedule. As instructed we have reviewed the valuations without re-inspecting the properties detailed in our report of 31 December 2007. Although we have reflected our knowledge of market trends in the locality, except where you have advised us to the contrary, we have assumed that there has been no material change to any of the properties or their surroundings that could have a material effect on the value of your interest. For properties not valued as at December 2007 an internal inspection has been undertaken.

1.5 This valuation has been prepared by Mark Stow BSc (Hons) MRICS under the supervision of David Mills BSc (Hons) MRICS.

1.6 We are required by RICS regulations to disclose the following:

- David Mills has supervised this valuation, and this company has been undertaking the instruction since 31 December 1999.
- This company has no other current or recent fee earning relationship with you.
- In our financial year ending 31 December 2007, the total fees earned from Bennet Property PLC was less than 5% of our company turnover.

1.7 We can confirm that we have had no material involvement with the Properties and that we have undertaken this valuation in the capacity of External valuers. We also confirm that Atisreal is aware of and adheres to the requirements of the Takeover Code and that, following enquiries, no employee within Atisreal or their family members have any shareholdings or other interests with the parties involved.

2 EXTENT OF DUE DILIGENCE & INFORMATION SOURCES

2.1 Inspection

We detail below the dates on which we carried out internal inspections of the properties within the portfolio and the relevant personnel.

PROPERTY	SURVEYOR	DATE
73/77 High Street, Cheltenham Gloucestershire.	Alex Wright MSc MRICS	28 November 2007
8-10 Crown Hill, Croydon Surrey	Kelvin Page BCom (VPM) MPINZ Robert Walczak MA	27 November 2007
182 High Street, Guildford Surrey	Kelvin Page BCom (VPM) MPINZ Robert Walczak MA	29 November 2007
217 High Street, Hounslow Middlesex	Chris Galloway BSc (Hons) MRICS Katherine Simmonds Bsc (Hons)	1 July 2008
311 – 315 Brompton Road London	Chris Galloway BSc (Hons) MRICS	27 November 2007
124 – 132 Draycott Avenue London	Chris Galloway BSc (Hons) MRICS	27 November 2007
154 Putney High Street London	Kelvin Page BCom (VPM) MPINZ Robert Walczak MA	29 November 2007
19 Green Street, Neath West Glamorgan	Andrea Frow Bsc (Hons) MSc MRICS	1 July 2008
1-3 High Street & 53/55 Poplar Road, Solihull, West Midlands	Stephanie Starbuck MSc Ma MRICS	29 November 2007
35 Fore Street, Tiverton Devon	Alex Wright MSc MRICS	27 November 2007
Guildgate House Pelican Lane, Newbury	Mark Stow BSc (Hons) MRICS	2 July 2008

PROPERTY	SURVEYOR	DATE
Unit 15 Millbrook Industrial Estate, Crowborough	Kelvin Page BCom (VPM) MPINZ Robert Walczak Ma	27 November 2007
Site 2, New Station Way Fishponds, Bristol	Alex Wright MSc MRICS	1 July 2008
Units 2-5 Windsor Industrial Estate, 424 Ware Road Hertford	Chris Galloway BSc (Hons) MRICS Katherine Simmonds BSc (Hons)	1 July 2008

2.2 Floor areas

Of the above properties, four (217 High Street, Hounslow; 19 Green Street, Neath; Guildgate House, Newbury; and Windsor Industrial Estate Hertford) were previously valued by Atisreal in 1999 and I confirm that we have adopted the measured areas calculated at that time. The property in Fishponds, Bristol has not previously been valued by Atisreal and we therefore undertook a full measured survey of the property on 1 July 2008.

As instructed, for the remaining nine properties that Atisreal valued as at 31 December 2007, we have adopted the areas previously measured by ourselves.

2.3 Condition

We have not been provided with structural reports or surveys for any property and understand that these are not being commissioned. Should this situation change, we would welcome the opportunity to review these reports and comment upon the findings therein in relation to this report.

2.4 Environmental investigation

We have not been provided with environmental reports for any of the properties. We would welcome the opportunity to review any which may become available and comment upon the findings therein in relation to this report.

2.5 Tenure, title and tenancies

We have been provided with updated tenancy information by Bennet Property PLC received on the 20 June 2008 and we have relied upon this for our valuations. We have not been provided with copies of the reports on title however we would welcome the opportunity of commenting if these become available.

2.6 Town planning

We have made enquiries of the relevant local authorities both verbally and via their internet sites in order to obtain relevant planning information.

3 VALUATION

3.1 Our valuation is on the basis of Market Value. This is an internationally recognised basis and is defined as:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

3.2 We are of the opinion that the aggregate of the Market Values of your interest in each of the properties described as at 7 July 2008 is in the region of:

Investment holdings	Bennet Property PLC	£20,125,000
Stock holdings	Marlborough Park Investments Limited	£2,850,000
	Dovemill Properties Limited	£975,000
		<hr/> £23,950,000

£23,950,000
(twenty three million, nine hundred and fifty thousand pounds)

- 3.3 This aggregate figure makes no allowance for any effect that placing the whole portfolio on the market contemporaneously may have on the overall realisation. The Market Value of the portfolio sold as a single entity would not necessarily be the same as the aggregate figure reported.
- 3.4 Our valuation has been arrived at primarily after consideration of market evidence for similar property.
- 3.5 Property values may change significantly over a relatively short period. Consequently our valuations may not be valid on a date other than the stated valuation date.
- 3.6 The Market Value is the price that would be agreed, with no adjustment made for costs that would be incurred by the parties in any transaction, including any liability for VAT, stamp duty or other taxes. It is also gross of any mortgage or similar financial encumbrance.

4 GENERAL CONDITIONS:

This report and valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation. It has been prepared solely for the purpose of advising on the current value of the property interests within Bennet Property PLC and may be inappropriate for any other purpose.

Yours sincerely

David Mills BSc (Hons) MRICS
Director - Investment Valuations

Claire Magowan BSc (Hons) MRICS
Director - Investment Valuations

for and on behalf of Atisreal Ltd