



Information Memorandum
The Aldgate East Property Company Limited

Information Memorandum

The Aldgate East Property Company Limited

*(a company incorporated and registered
in Guernsey under the Companies (Guernsey) Laws
1994 to 1996 with registered number: 46895)
whose registered office is at 1 Le Marchant Street,
St. Peter Port, Guernsey GY1 4HP as Issuer*

**Issuance Of Up To £15,780,000 10%
Junior Unsecured Loan Notes**

**Issuance Of Up To £4,000,000 19%
Subordinated Junior Unsecured Loan Notes**

Introduction to the Official List of the Channel Islands Stock Exchange of 10% Junior Unsecured Loan Notes (the “Notes”) and 19% Subordinated Junior Unsecured Loan Notes (the “Subordinated Notes”).

This Information Memorandum includes particulars given in compliance with the Listing Rules of the Channel Islands Stock Exchange for the purpose of giving information with regard to the issue, and forms the Listing Document for the purpose of the application for listing of the Notes and the Subordinated Notes.

Information concerning Julius Properties Limited has been supplied by the directors of Julius Properties Limited. The Issuer accepts no responsibility for the accuracy of that information. Save as aforesaid the Issuer accepts responsibility for the information contained in this Information Memorandum and to the best of the knowledge and belief of the Issuer (*which has taken all reasonable care to ensure that such is the case*) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to The Channel Islands Stock Exchange, LBG for the listing of and permission to deal in the Notes and the Subordinated Notes on the Official List of the Channel Islands Stock Exchange. Dealings in the Notes and the Subordinated Notes are expected to commence on 28th August 2007. No application has been made for the Notes or the Subordinated Notes to be listed on any other stock exchange.

Neither the admission of the Notes or the Subordinated Notes to the Official List nor the approval of this Information Memorandum pursuant to the listing requirements of the Channel Islands Stock Exchange shall constitute a warranty or representation by The Channel Islands Stock Exchange, LBG as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy of information contained in these Listing Particulars or the suitability of the issue for investment purposes.

The attention of potential investors is drawn to the sections of this Information Memorandum headed “Risk Factors Relating to the Notes and the Subordinated Notes” on pages 3, 4 and 5 and “Miscellaneous Interests” on page 15 of this Information Memorandum.

Ozannes Securities Limited is acting for the Issuer and for no one else in connection with the issue of the Notes and the Subordinated Notes and will not be responsible to anyone other than the Issuer.

Sponsor to the Listing

Ozannes Securities Limited
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

The Aldgate East Property Company Limited (*the “Issuer”*), having made all reasonable enquiries, confirms that the statements contained in this Information Memorandum relating to the Issuer, the Notes and the Subordinated Notes to be issued by it are, in every material respect, true and accurate and not misleading and that, to the best of the knowledge and belief of such Issuer, there are no other facts the omission of which would, in the context of the issue of the Notes or the Subordinated Notes, make any statement in this Information Memorandum misleading in any material respect and that all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements. Information concerning Julius Properties Limited has been supplied by the directors of Julius Properties Limited, neither the Issuer nor any of its directors accept responsibility for the accuracy of that information.



No person has been authorised to give any information or to make any representation regarding the Issuer, the Notes or the Subordinated Notes other than as contained in or extracted from or incorporated by reference in this Information Memorandum, or in any public information or as approved in writing for such purposes by the Issuer and, if given or made, any such representation or information should not be relied upon as having been authorised by any Issuer.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes or any Subordinated Notes shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer, since the date hereof or the date upon which this document has been most recently amended or supplemented.

This Information Memorandum may be used in connection with the listing of not more than £15,780,000 in aggregate principal amount of Notes and £4,000,000 in aggregate principal amount of Subordinated Notes outstanding at any time (or the equivalent in any other currency at the date of the agreement for the issue of such Notes or Subordinated Notes).

This Information Memorandum has not been approved by an authorised person in accordance with section 21(2)(b) of the Financial Services and Markets Act 2000.

Accordingly, it is directed only at persons falling within Article 19(5) of The Financial Services Act 2000 (*Financial Promotion*) Order 2005 or to persons to whom this communication may otherwise lawfully be made (*such persons being referred to as "relevant persons"*).

This communication must not be acted on by persons who are not relevant persons. Any investment or investment activity to which this Information Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Each Recipient represents and warrants that he or it is a relevant person and agrees to inform himself or itself about and observe all applicable legal requirements in the UK and/or in the jurisdictions(s) in which he or it is situated. Any Recipient who is not a relevant person should return this document to the Issuer and should not act upon it.

The distribution of this Information Memorandum and the offering, sale and delivery of the Notes or the Subordinated Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer to inform themselves about and to observe any such restrictions. In particular, Notes and Subordinated Notes have not been and will not be registered under the United States Securities Act of 1933 (*as amended*) and may include Notes and Subordinated Notes in registered form which are subject to U.S. tax law requirements. Subject to certain exceptions, Notes and Subordinated Notes may not be offered, sold or delivered within the United States or to U.S. persons. This Information Memorandum may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Information Memorandum does not constitute an offer or an invitation to subscribe for or purchase any Notes and Subordinated Notes and should not be considered as a recommendation by the Issuer that any recipient of this Information Memorandum should subscribe for or purchase any Notes and Subordinated Notes. Each recipient shall be taken to have made its own investigation and appraisal of the financial condition of the Issuer.

In this Information Memorandum, all references to "£", "Pounds Sterling" and "GBP" are to the lawful currency of the United Kingdom.

Investment Adviser

Formation Group PLC
9-13 Manchester Road
Wilmslow
Cheshire SK9 1BQ

Sponsor to the Listing on the Channel Islands Stock Exchange

Ozannes Securities Limited
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Guernsey Legal Adviser

Ozannes Advocates and Notaries Public
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Auditors

Deloitte & Touche LLP Chartered Accountants
Regency Court
Gategny Esplanade
St. Peter Port
Guernsey GY1 3HW

Risk Factors Relating to the Notes and the Subordinated Notes

The purchase of Notes and Subordinated Notes may involve substantial risks and be suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes and the Subordinated Notes. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth in this Information Memorandum. Prospective purchasers should make such enquiries as they deem necessary without relying on the Issuer.

No secondary market is expected to develop in respect of the Notes or the Subordinated Notes and, in the unlikely event that a secondary market does develop, there can be no assurance that it will provide the holders of Notes or Subordinated Notes with liquidity of investment or that it will continue for the life of the Notes or the Subordinated Notes. Accordingly, the purchase of Notes or Subordinated Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes or the Subordinated Notes and the financial and other risks associated with an investment in the Notes or the Subordinated Notes. Investors must be prepared to hold the Notes or the Subordinated Notes for an indefinite period of time or until final redemption or maturity of the Notes or the Subordinated Notes.

The Issuer may be obliged to deduct tax from payments of interest made upon the maturity of the Notes or the Subordinated Notes or upon their earlier repayment depending upon the circumstances of the beneficial owner of the Notes or the Subordinated Notes.

Payment of interest and the repayment of the principal amount of the Notes or the Subordinated Notes is not guaranteed and is unsecured.

All the proceeds of the Note issue and the Subordinated Note issue amounting to £19,780,000 will be lent by the Issuer to Julius Properties Limited ("*Julius*") as an unsecured loan to assist Julius in financing the acquisition of the property known as 1 Commercial Street, London E1 (*the "development property"*) to be acquired by Julius. Out of the money lent by the Issuer, Julius will pay to the Issuer (i) the sum of £1,880,000 as an introducer fee in two instalments, the first of £1,385,000 at the date of the loan to Julius and the second of £495,000 two months after the date of the loan (*which amount will be paid by the Issuer to Formation Group PLC*), and (ii) £300,000 to fund the start up and ongoing costs and fees incurred or to be incurred by the Issuer. The balance will be utilised by Julius towards the cost of its acquisition of the development property. The loans made by the Issuer will carry the same rates of interest as the rates of interest payable on the Notes and the Subordinated Notes.

The Issuer is a newly established special purpose company whose sole activity is the issuance of the Notes and the Subordinated Notes and the loan of the net proceeds to Julius.

The ability of the Issuer to pay interest on the Notes and the Subordinated Notes and to repay the principal amount of the Notes and the Subordinated Notes is wholly dependent upon the Issuer receiving payment or repayment (*as the case may be*) from Julius.

The ability of Julius to pay interest on the loan from the Issuer and to repay the principal amount of the loan will be dependent upon the success of the redevelopment by Julius of the leasehold property at 1 Commercial Street, London E1.

The viability of the project for the development of the leasehold property at 1 Commercial Street, London E1 is dependent upon Julius obtaining bank development finance of up to £93 million upon favourable terms. This has now been obtained. In addition, Julius is also in the process of concluding a lease extension with London Underground Limited on the air space above the Tube Station entrance. This will extend the outstanding term of the lease from 77 years to a minimum of 130 years and enable this space to be built over and exploited. Although heads of terms have been entered into, there can be no certainty that a new lease can be finalised on acceptable terms. Due to the scale and height of the development, Julius is also currently negotiating terms of compensation for rights of light agreements with the owners of certain properties in the vicinity of 1 Commercial Street, London E1. This is common practice in London and the Directors of Julius have set aside a budget they consider to be reasonable to recompense any claimants. Julius does not foresee any issues in this respect that are irresolvable, although failure to reach an agreement would potentially require the building design to be amended.

The current scheme includes residential planning permission for 217 apartments of which 36 per cent. (*79 apartments*) are required to be offered as affordable units.

The loan by the Issuer to Julius will be unsecured and be subordinated to the payment of interest and repayment of principal by Julius to its principal bankers. The assets of Julius will be charged to its principal bankers. Formation Group PLC and Balchan Management Limited as Trustee of The Impala Discretionary Settlement have entered into a deed of undertaking and subordination whereby they have severally undertaken (*to the extent of their available assets at the time*) to loan to the Issuer sufficient funds to make good any shortfall in the funds available to Julius to discharge its obligations to the Issuer to the extent necessary only to enable the Issuer to repay the principal and interest on the Notes. Such undertaking does not apply to the extent of the liability of the Issuer to repay the principal and interest on the Subordinated Notes.

Formation Group PLC and Balchan Management Limited as Trustee of The Impala Discretionary Settlement have agreed that all monies owed or owing by Julius to themselves (*other than, in the case of Formation Group PLC, payment of the introducer fee of £1,880,000*) will be subordinated to the payment of the interest and repayment of the principal amount of the Notes and the Subordinated Notes.

Julius has received a conditional offer of finance from Heritable Bank Limited for a development loan of a maximum of £93 million.

Julius has not yet completed the acquisition of the property.

There can be no certainty that there will be sufficient funding to complete the development or on terms that will enable Julius to generate sufficient cash to meet the interest and repayment obligations due to the Issuer. If the development is not completed, there can be no assurance that the value of the site, as partially developed, will be sufficient to enable Julius to discharge its liabilities to its bank and to the Issuer.

None of the Issuer, the Sponsor or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes or the Subordinated Notes by a prospective purchaser of the Notes or the Subordinated Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (*if different*), or for compliance by the prospective purchaser with any law, regulation or regulatory policy applicable to it.

Attention is also drawn to the disclosure of certain interests in the section of this Information Memorandum headed "Miscellaneous Interests" on page 15 of this Information Memorandum.

Risks Specific to the Subordinated Notes

The entitlement of the holders of the Subordinated Notes to receive interest from the Issuer and to receive the repayment of the principal of the Subordinated Notes is subordinated to the entitlement of the holders of the 10% Junior Unsecured Loan Notes to receive payment of interest and repayment of the principal of such Notes in full.

The Issuer

Registration Details:

The Issuer was registered in Guernsey on 8th May 2007 as a special purpose company with an authorised share capital of £10,000 divided into ten thousand shares of £1 each.

Issued Share Capital:

Two shares of £1 each have been issued and are held by First Ovalap Limited and Second Ovalap Limited as nominees for Legis Trust Limited as Trustee of The Aldgate East Charitable Trust.

Registered Office:

1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Directors:

David Charles Housley Whitworth
(Managing Director of Legis Group Limited)

Stephen John Dickinson
(Director of Legis Group Limited)

both of 1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Mark Page
(Finance Director of Formation Group PLC)

of 9-13 Manchester Road
Wilmslow
Cheshire SK9 1BQ

Auditors:

Deloitte & Touche LLP
Regency Court
Gategny Esplanade
St. Peter Port
Guernsey GY1 3HW

Administrator and Registrar:

Legis Corporate Services Limited
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP
(Telephone + 44 1481 726034)

Memorandum and Articles of Association:

Copies of the Issuer's Memorandum and Articles of Association are available for inspection at the Issuer's registered office.

Accounts:

The Issuer is newly incorporated. No accounts have yet been produced. The first audited accounts will be for the period from the date of registration of the Issuer up to and including 31st March 2008.

Guernsey Tax Consideration:

The Issuer has applied for and obtained exemption from liability for Guernsey tax for calendar year 2007. Subject as stated below, holders of Notes or Subordinated Notes who are not resident for tax purposes in Guernsey, Alderney or Herm will not be liable to Guernsey income tax on the interest earned on the Notes or the Subordinated Notes (*as the case may be*) or upon the repayment of the principal amount of the Notes or the Subordinated Notes. With effect from 1st January 2008, the Issuer will no longer be able to obtain exemption from liability for Guernsey tax. Under current Guernsey tax legislation, interest payable upon the Notes and the Subordinated Notes may therefore be treated as liable to Guernsey income tax, irrespective of the residence of the holders of such Notes.

It is understood, however, that changes to legislation are under consideration that may have the effect of exempting such interest payments from being treated as Guernsey source income and, therefore, subject to Guernsey tax. There can be no certainty, however, that such changes will be implemented or the extent of such changes.

By virtue of The Foreign Tax (*Retention Arrangements*) (*Guernsey and Alderney*) Ordinance 2005, the Issuer will be obliged to deduct a Retention Tax (*currently at the rate of 15 per cent. but increasing to 20% in 2008 and 35% in 2011*) from interest payments made to a beneficial owner of Notes who is an individual resident in a member state of the European Union unless such beneficial owner has authorised the Issuer to disclose details of such beneficial owner to the Administrator of Income Tax in Guernsey for disclosure to the competent authority of the Country of Residence of that beneficial owner.

Information Concerning Julius Properties Limited

Registration Details:

Julius was registered in Guernsey on 28th June 2006 as a general commercial company with an authorised share capital of £10,000 divided into 10,000 shares of £1 each.

Issued Share Capital:

Two shares of £1 each have been issued and are registered in the names of Balchan Nominees Limited and Balchan Secretaries Limited as nominees for The Impala Discretionary Settlement (*a private discretionary trust of which Balchan Management Limited is the Trustee and of which David Anthony Kennedy and his immediate family are the Beneficiaries*) respectively.

Registered Office:

Old Bank Chambers
Grande Rue
St. Martin's
Guernsey GY2 3WZ

Company Secretary:

Balchan Secretaries Limited
Old Bank Chambers
Grande Rue
St. Martin's
Guernsey GY2 3WZ

Directors:

Balchan Directors Limited
Old Bank Chambers
Grande Rue
St. Martin's
Guernsey GY2 3WZ

Auditors:

Julius has no appointed auditors and has elected for unaudited status in accordance with The Companies (*Exemption from Audit*) Ordinance, 1994.

Trading History:

Julius has not yet commenced trading and will not commence trading until it acquires the leasehold of 1 Commercial Street, London E1 from Mangrove Securities Limited (*an associated company with Julius*) for redevelopment.

Accounts:

No accounts have been produced.

Information Concerning 1 Commercial Street, London E1

The leasehold property comprising 1 Commercial Street, London E1 (*the "development property"*) will be purchased by Julius for £35,000,000 for redevelopment purposes.

The development site is located over the entrance to Aldgate East London underground train station. Terms are being negotiated for the extension of the term of the lease from London Underground Limited from 77 years to a minimum of 130 years. If successful, the value of the development property will be enhanced.

The development, as currently proposed, will comprise a 22 storey tower comprising 217 residential units (*of which 79 are required to be offered as affordable housing units*), 93,166 square feet of office accommodation and 11,684 square feet of retail use.

The development is not currently pre-let. A number of similar mixed use developments are projected within the near vicinity of the Commercial Street site, many of which are still speculative. Such developments, if proceeded with, may have a potential impact upon the demand for, and the rents achievable for, the development.

The development will be project managed by Columbia Design and Build Limited. Columbia Design and Build Limited is based at 414/422 Hackney Road, London E2 7SY and has been operating since 1997. The company specialises in Design and Build contracting projects predominantly on residential or mixed use schemes. The company has completed four projects in North and East London involving aggregate construction values of £67.5 million.

The development project is estimated to be completed by the end of February 2010.

The total projected cost of the development (*including the original site purchase*) is approximately £118,125,000. It is proposed that the total projected costs will be funded by £93,000,000 of bank debt, £19,780,000 by the loans from the Issuer and £4,653,000 from sales proceeds. The balance of the funding will be met by Julius from other resources.

Information Concerning Funding of the Proposed Development

Disclosure relating to bank funding:

Heritable Bank Limited (*"the Bank"*) has offered a loan facility to Julius whereby, subject to certain conditions, including the extension of the term of the lease from London Underground Limited, the Bank will advance to Julius up to £93,000,000 to finance the purchase of the development property and the development.

If the development loan from the Bank proceeds, the Bank will obtain the following security:

- i. a first legal charge over the freehold property;
- ii. a first floating charge over all the assets of the Borrower;
- and
- iii. a first legal charge over a deposit of £11.5 million.

Interest will be charged by the Bank monthly at a margin of 2.25% over the Bank's base rate.

There can be no certainty that the conditions attaching to this finance offer can be satisfied. In those circumstances, Julius may have to find alternative sources of development finance or sell the property.

Details of Loans by Issuer to Julius

The total of the £15,780,000 raised by the issue of the Notes and the £4,000,000 raised by the issue of the Subordinated Notes, amounting to £19,780,000, will be lent by the Issuer to Julius.

The money will be lent to Julius in equivalent amounts to the amounts raised by the Note issue and the Subordinated Note issue respectively. Save for the rates of interest, each loan agreement will have the same terms and conditions.

The loans will bear interest at the annual rate of 10 per cent. and 19 per cent respectively compounding at each anniversary and payable upon repayment of the loan.

Out of the loans made to Julius, Julius will pay to the Issuer fees of £2,180,000 out of which the Issuer shall pay to Formation a commission fee of £1,880,000. The balance will be utilised by Julius towards the cost of its acquisition of the development property.

Each of the loans made to Julius will be unsecured. Each of the loans will be repayable upon the fourth anniversary of the date of the relevant loan agreement or at the discretion of Julius at any time after the second anniversary of the date of the relevant loan agreement.

Repayment of the principal amount of the loans and interest thereon is, however, subordinated to Julius' repayment obligations to the Bank.

Formation Group PLC and the ultimate shareholders of Julius being Balchan Management Limited as Trustee of The Impala Discretionary Settlement have entered into an agreement with the Issuer whereby each of such parties has agreed:

- i. to make available to the Issuer sufficient funds to enable the Issuer to discharge its obligations to the holders of the Notes (*but not its obligations to the holders of the Subordinated Notes*) in the event and to the extent that Julius does not have sufficient proceeds from the development to meet its obligations to the Issuer. Such agreement (*"the Shortfall"*) is, however, subject to each of such parties having available sufficient assets to meet such obligation and that each of such parties' liability is capped at a maximum of 50 per cent. of the Shortfall; and
- ii. to subordinate all debts and liabilities due to such parties from Julius, other than the payment to Formation Group PLC of the introducer fee of £1,880,000, until the loans from the Issuer have been repaid in full, together with all interest due thereon.

Similar agreement and undertakings have already been entered into in respect of an earlier issue of £5,400,000 Junior Unsecured Loan Notes by The Whitechapel Property Fund Limited.

The loans confer no right to participate in the share capital of Julius. The balance of the residual profit (*if any*) made by Julius will be shared between Formation Group PLC, as an additional introducer fee, and the shareholders of Julius.

The right of the holders of the Subordinated Notes to receive any interest derived from the income or capital of the Issuer is subordinated to the claims of the holders of the Notes. No interest will be paid to the holders of the Subordinated Notes until the compound interest payable upon and the principal amount of the Notes has been paid or repaid (*as the case may be*) in full.

Miscellaneous Interests

David Anthony Kennedy (*"Mr Kennedy"*) and his immediate family, as the beneficiaries of The Impala Discretionary Settlement, are the ultimate beneficial owners of the issued share capital of Julius.

Formation Group PLC recently announced proposals for the acquisition of Columbia Design and Build Limited. The acquisition was approved by the shareholders of Formation Group PLC at a General Meeting held on 21st June 2007. Columbia Design and Build Limited is now a wholly owned subsidiary of Formation Group PLC. Mr Kennedy and his family trusts own directly or indirectly approximately 53 per cent. of Formation Group PLC.

Formation Group PLC and the Trustee of The Impala Discretionary Settlement will share fees from the profits of the development.

Formation Group PLC, The Impala Discretionary Settlement and Columbia Design and Build Limited each has a material financial interest in a nearby development at 52, 54-58 Commercial Road, London E1 due to complete in early 2009, similar to that to be undertaken by Julius. The completion of both developments within 12/24 months of each other may potentially have a negative impact upon the financial success of the development by Julius.

Terms and Conditions of the 10% Junior Unsecured Loan Notes

The following is the text of the terms and conditions of the 10% Junior Unsecured Loan Notes (*the "Notes"*), subject to completion and amendment, to which the Notes will be subject.

Authorisations

The present issue of Notes, the terms and conditions of which are set forth hereinafter, has been duly authorised by the Issuer pursuant to a resolution of its Board of Directors on 6th June 2007.

Terms and Conditions

1. Definitions

Except where the context otherwise requires, the following expressions shall have the meanings set out hereunder:

Business Day:

A day (*excluding Saturdays*) on which banks are generally open in Guernsey and London for the transaction of normal banking business.

Exchange:

The Channel Islands Stock Exchange, LBG.

Final Redemption Amount:

Par value of the Notes and accrued annual compound interest to that date.

Interest Commencement Date:

The Issue Date.

Interest Compounding:

Interest will be compounded on the first anniversary and each subsequent anniversary of the Issue Date up to and including the Maturity Date.

Issue Date:

28th August 2007.

Issue Price:

Par value.

Issuer:

The Aldgate East Property Company Limited.

Maturity Date:

The fourth anniversary of the Issue Date.

Rate of Interest:

10% per annum compounded payable on redemption of the Notes.

Settlement Date:

24th August 2007.

In this Information Memorandum, all references to "£", "Pounds Sterling" and "GBP" are to the lawful currency of the United Kingdom.

Neither the Note Instrument nor any of the Notes contains any negative pledge covenants by the Issuer or any Events of Default.

2. Form of the Notes, Subscription and Transfer

The Notes will be in registered form. No temporary notes will be issued. Each Noteholder shall be entitled to one certificate stating the nominal amount of the Notes held by him. Each certificate shall bear a denominating number and shall be executed under the seal (*or any securities' seal*) of the Issuer. A certificate signed by one Director and the Secretary or by two Directors and expressed to be executed by the Issuer shall have the same effect as if executed under the seal. The Issuer shall not be bound to register more than four persons as the joint holders of any Note. Joint holders of Notes will be entitled to only one Note in respect of their joint holding and the Note will be delivered to that one of the joint holders who is first-named in the Register in respect of the joint holding or to such other person as the joint holders may, in writing, direct. Delivery of a certificate to one of such persons shall be sufficient delivery to all. When a Noteholder has redeemed or transferred part only of his Notes, the old certificate shall be cancelled and a new certificate for the balance of such Notes issued without charge. Documents of title will be delivered within 14 days of the Settlement Date. Payment for the Issue Price must be made in cleared funds on or before the Settlement Date to the account specified by the Issuer.

The Issuer shall cause a register to be maintained at the registered office of the Issuer showing the amount of the Notes for the time being issued, the date of issue and the amount of the Notes for the time being outstanding, the names and addresses of the Noteholders, the nominal amounts held by them respectively and all transfers or changes of ownership of the Notes.

Minimum subscription for Notes will be £50,000.

The Notes will be issued in minimum denominations of £1,000. Notes may not be sub-divided into smaller denominations. Every holder of Notes will be entitled to transfer the Notes by an instrument in writing in the usual or common form or such other form as the Issuer may accept. No fee will be payable on the registration of a transfer of the Notes.

The Issuer will in its sole discretion refuse to register a transfer of a Note where the holding of the Note may result in a regulatory, pecuniary, legal or taxation disadvantage for the Issuer or the holders of the Notes as a whole.

3. Status of the Notes

The Notes are and shall be direct unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank at all times *pari passu* without any preference among themselves with all other present and future unsecured and unsubordinated obligations of the Issuer (*other than in respect of statutorily preferred creditors*). The Issuer does not expect the Notes to be rated by any rating agency.

4. No Guarantee

Repayment of the Notes is not guaranteed.

5. Redemption of the Notes

Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer in pounds sterling on the Maturity Date at its Final Redemption Amount.

6. Payment and Delivery

Redemption of the Notes shall be made to the holder or to its order by transfer to an account specified by the payee.

The Notes shall bear annual compound interest on the par value of the Note which shall be payable by the Issuer to each holder in arrears on the Maturity Date.

If the due date for payment of any amount of principal or interest in respect of any Notes is not a Business Day, no entitlement to payment shall arise until the next following Business Day and there shall be no entitlement to further interest or other payment in respect of such delay.

7. Tax Status

- a. By virtue of The Foreign Tax (*Retention Arrangements*) (*Guernsey and Alderney*) Ordinance 2005, the Issuer will be obliged to deduct a Retention Tax on the payment of interest to holders who are individuals resident in a member state of the European Union unless such holders have authorised the Issuer to disclose details of the holder and of the payments to the Administrator of Income Tax in Guernsey for disclosure to the competent authority of the country of residence of the holder. Where the registered holder of Notes is holding as nominee or trustee for an individual resident in a member state of the European Union the above rules shall apply as if that individual was the registered holder.
- b. The Issuer will not be obliged to gross up any payments in respect of any Notes and will not be liable for or otherwise obliged to pay any Retention Tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or presentation and surrender for payment of any Note (*collectively, the "additional amounts"*) and all payments made by the Issuer shall be made subject to any Retention Tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

- c. If, as a result of any change in, or amendment to (*or any proposed change or amendment which is the subject of draft legislation or regulation being considered by the relevant legislature*), the laws of the United Kingdom or the Island of Guernsey or any political subdivision or any authority thereof or therein having power to tax or any change in the official application or interpretations of such laws, the Issuer becomes or would in the future become obliged to pay any additional amounts; and such obligation cannot be avoided by reasonable measures available to the Issuer, the Notes may be redeemed at the option of the Issuer, in whole but not in part, at any time (*but not earlier than 30 days before the effective date of such change or amendment*) at a redemption amount to be calculated by the Issuer, upon notice being given to the holders of the Notes not less than 30 days nor more than 60 days prior to the date fixed for early redemption.

8. Financial Information

As soon as they are available after the close of each fiscal year during the term of the Notes, the Issuer shall make available copies of its annual financial statements for such fiscal year, to a holder of a Note, upon a request in writing by that holder to the Issuer at its respective registered offices. The Issuer will not be producing interim accounts.

9. Prescription

The Notes will become void unless surrendered for payment within a period of 6 years from the Maturity Date. All interest not claimed within a 6 year period of the Specified Interest Payment Date will not be payable.

10. Applicable Law

The Notes shall be governed by and interpreted with the laws of the Island of Guernsey. The Issuer and each Noteholder submit to the exclusive jurisdiction of the Royal Court of Guernsey.

The holders of the Notes shall be entitled to enforce their rights against the Issuer in the courts of the Island of Guernsey.

The following documents will be available, upon written demand, for inspection during normal business hours on any weekday (*Saturdays and Sundays excepted*) at 1 Le Marchant Street, St Peter Port, Guernsey until 24th August 2007:

- a. The memorandum and articles of association of the Issuer; and
- b. The Note Instrument.

Terms and Conditions of the 19% Subordinated Junior Unsecured Loan Notes

The following is the text of the terms and conditions of the 19% Subordinated Junior Unsecured Loan Notes (the "Subordinated Notes"), subject to completion and amendment, to which the Subordinated Notes will be subject.

Authorisations

The present issue of Subordinated Notes, the terms and conditions of which are set forth hereinafter, has been duly authorised by the Issuer pursuant to a resolution of its Board of Directors on 6th June 2007.

Terms and Conditions

1. Definitions

Except where the context otherwise requires, the following expressions shall have the meanings set out hereunder:

Business Day:

A day (excluding Saturdays) on which banks are generally open in Guernsey and London for the transaction of normal banking business.

Exchange:

The Channel Islands Stock Exchange, LBG.

Final Redemption Amount:

Par value of the Notes and accrued annual compound interest to that date.

Interest Commencement Date:

The Issue Date.

Interest Compounding:

Interest will be compounded on the first anniversary and each subsequent anniversary of the Issue Date up to and including the Maturity Date.

Issue Date:

28th August 2007.

Issue Price:

Par value.

Issuer:

The Aldgate East Property Company Limited.

Maturity Date:

The fourth anniversary of the Issue Date.

Rate of Interest:

10% per annum compounded payable on redemption of the Notes.

Settlement Date:

24th August 2007.

In this Information Memorandum, all references to "£", "Pounds Sterling" and "GBP" are to the lawful currency of the United Kingdom.

Neither the Subordinated Note Instrument nor any of the Subordinated Notes contains any negative pledge covenants by the Issuer or any Events of Default.

2. Form of the Subordinated Notes, Subscription and Transfer

The Subordinated Notes will be in registered form. No temporary subordinated notes will be issued. Each Noteholder shall be entitled to one certificate stating the nominal amount of the Subordinated Notes held by him. Each certificate shall bear a denominating number and shall be executed under the seal (or any securities' seal) of the Issuer. A certificate signed by one Director and the Secretary or by two Directors and expressed to be executed by the Issuer shall have the same effect as if executed under the seal. The Issuer shall not be bound to register more than four persons as the joint holders of any Subordinated Note. Joint holders of Subordinated Notes will be entitled to only one Subordinated Note in respect of their joint holding and the Subordinated Note will be delivered to that one of the joint holders who is first-named in the Register in respect of the joint holding or to such other person as the joint holders may, in writing, direct. Delivery of a certificate to one of such persons shall be sufficient delivery to all. When a Noteholder has redeemed or transferred part only of his Subordinated Notes, the old certificate shall be cancelled and a new certificate for the balance of such Subordinated Notes issued without charge. Documents of title will be delivered within 14 days of the Settlement Date. Payment for the Issue Price must be made in cleared funds on or before the Settlement Date to the account specified by the Issuer.

The Issuer shall cause a register to be maintained at the registered office of the Issuer showing the amount of the Subordinated Notes for the time being issued, the date of issue and the amount of the Subordinated Notes for the time being outstanding, the names and addresses of the Noteholders, the nominal amounts held by them respectively and all transfers or changes of ownership of the Subordinated Notes.

Minimum subscription for Subordinated Notes will be £50,000. The Subordinated Notes will be issued in minimum denominations of £1,000. Subordinated Notes may not be sub-divided into smaller denominations. Every holder of Subordinated Notes will be entitled to transfer the Subordinated Notes by an instrument in writing in the usual or common form or such other form as the Issuer may accept. No fee will be payable on the registration of a transfer of the Subordinated Notes.

The Issuer will in its sole discretion refuse to register a transfer of a Subordinated Note where the holding of the Subordinated Note may result in a regulatory, pecuniary, legal or taxation disadvantage for the Issuer or the holders of the Subordinated Notes as a whole.

3. Status of the Subordinated Notes

The Subordinated Notes are and shall be direct unconditional, unsecured and subordinated obligations of the Issuer. The Subordinated Notes will be subordinated to the obligations of the Issuer to repay interest and repay principal on the 10% Junior Unsecured Loan Notes issued by the Issuer. Subject thereto, the Subordinated Notes shall rank at all times *pari passu* without any preference among themselves with all other present and future unsecured obligations of the Issuer (*other than in respect of statutorily preferred creditors*). The Issuer does not expect the Subordinated Notes to be rated by any rating agency.

4. No Guarantee

Repayment of the Subordinated Notes is not guaranteed.

5. Redemption of the Subordinated Notes

Unless previously redeemed or purchased and cancelled, each Subordinated Note will be redeemed by the Issuer in pounds sterling on the Maturity Date at its Final Redemption Amount.

6. Payment and Delivery

Redemption of the Subordinated Notes shall be made to the holder or to its order by transfer to an account specified by the payee.

The Subordinated Notes shall bear annual compound interest on the par value of the Subordinated Note which shall be payable by the Issuer to each holder in arrears on the Maturity Date.

If the due date for payment of any amount of principal or interest in respect of any Subordinated Notes is not a Business Day, no entitlement to payment shall arise until the next following Business Day and there shall be no entitlement to further interest or other payment in respect of such delay.

7. Tax Status

- a. By virtue of The Foreign Tax (*Retention Arrangements*) (*Guernsey and Alderney*) Ordinance 2005, the Issuer will be obliged to deduct a Retention Tax on the payment of interest to holders who are individuals resident in a member state of the European Union unless such holders have authorised the Issuer to disclose details of the holder and of the payments to the Administrator of Income Tax in Guernsey for disclosure to the competent authority of the country of residence of the holder. Where the registered holder of Subordinated Notes is holding as nominee or trustee for an individual resident in a member state of the European Union the above rules shall apply as if that individual was the registered holder.
- b. The Issuer will not be obliged to gross up any payments in respect of any Subordinated Notes and will not be liable for or otherwise obliged to pay any Retention Tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or presentation and surrender for payment of any Subordinated Note (*collectively, the "additional amounts"*) and all payments made by the Issuer shall be made subject to any Retention Tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.
- c. If, as a result of any change in, or amendment to (*or any proposed change or amendment which is the subject of draft legislation or regulation being considered by the relevant legislature*), the laws of the United Kingdom or the Island of Guernsey or any political subdivision or any authority thereof or therein having power to tax or any change in the official application or interpretations of such laws, the Issuer becomes or would in the future become obliged to pay any additional amounts; and such obligation cannot be avoided by reasonable measures available to the Issuer, the Subordinated Notes may be redeemed at the option of the Issuer, in whole but not in part, at any time (*but not earlier than 30 days before the effective date of such change or amendment*) at a redemption amount to be calculated by the Issuer, upon notice being given to the holders of the Subordinated Notes not less than 30 days nor more than 60 days prior to the date fixed for early redemption.

8. Financial Information

As soon as they are available after the close of each fiscal year during the term of the Subordinated Notes, the Issuer shall make available copies of its annual financial statements for such fiscal year, to a holder of a Subordinated Note, upon a request in writing by that holder to the Issuer at its respective registered offices. The Issuer will not be producing interim accounts.

9. Prescription

The Subordinated Notes will become void unless surrendered for payment within a period of 6 years from the Maturity Date. All interest not claimed within a 6 year period of the Specified Interest Payment Date will not be payable.

10. Applicable Law

The Subordinated Notes shall be governed by and interpreted with the laws of the Island of Guernsey. The Issuer and each Noteholder submit to the exclusive jurisdiction of the Royal Court of Guernsey.

The holders of the Subordinated Notes shall be entitled to enforce their rights against the Issuer in the courts of the Island of Guernsey.

The following documents will be available, upon written demand, for inspection during normal business hours on any weekday (*Saturdays and Sundays excepted*) at 1 Le Marchant Street, St Peter Port, Guernsey until 24th August 2007:

- a. the memorandum and articles of association of the Issuer; and
- b. the Subordinated Note Instrument.

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