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If you have sold or otherwise transferred all your Ordinary Shares in UK Commercial Property Trust Limited (the "Company"), please forward this document, the accompanying Form of Proxy and Prospectus at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document, the accompanying Form of Proxy and/or Prospectus into jurisdictions other than the United Kingdom, the Channel Islands or the Isle of Man may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than those of the United Kingdom or the Channel Islands should inform themselves about, and observe, any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions.

The Company is authorised as an authorised closed-ended investment scheme by the Guernsey Financial Services Commission (the "Commission") under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and The Authorised Closed-ended Investment Schemes Rules 2008 made thereunder (the "Rules"). Notification of the proposals outlined in this document has been given to the Commission pursuant to Part 5 of the Rules. The Commission has not reviewed this document and takes no responsibility for the correctness of any statements made or opinions expressed with regard to the Company or F&C Commercial Property Trust Limited.

This document should be read as a whole and incorporates information included in the accompanying Prospectus relating to the Company, which has been prepared in accordance with the Prospectus Rules and Listing Rules of the Financial Services Authority made under section 73A of the Financial Services and Markets Act 2000.

UK COMMERCIAL PROPERTY TRUST LIMITED

(An investment company incorporated in Guernsey with registered number 45387)

CIRCULAR

Recommended proposals in relation to the acquisition of the business and assets of F&C Commercial Property Trust Limited, a proposed related party transaction

and

Notice of Extraordinary General Meeting

Your attention is drawn to the "Letter from the Chairman of the Company" set out in Part 1 of this document which contains a recommendation from the Board that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of the Company to be held at 9.00 a.m. on 9 August 2010 at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL is set out at the end of this document. The accompanying Form of Proxy for use at that Extraordinary General Meeting should be completed and returned as soon as possible and, to be valid, must arrive at Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St. Helier, Jersey JE4 9XY no later than 9.00 a.m. on 5 August 2010. Completion and posting of the Form of Proxy will not prevent a Shareholder from attending in person at the Extraordinary General Meeting.

Application has been made to the Financial Services Authority for the New UKCPT Shares to be admitted to the Official List and to the London Stock Exchange for those shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective and that dealings in the New UKCPT Shares will commence on 10 August 2010.

Execution Noble, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for UK Commercial Property Trust Limited and no one else in connection with the matters described in this document and will not be responsible to any person other than UK Commercial Property Trust Limited for providing the protections afforded to clients of Execution Noble nor for providing advice in relation to such matters.

Your attention is drawn to the section headed "Action to be taken by Shareholders" on page 21 of this document. The attention of Shareholders is also drawn to the section headed "Risk factors" set out on pages 5 to 11 of this document.

Dated 12 July 2010

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Expected timetable

	<i>2010</i>
Ex dividend date for third interim dividend	28 July
Record date for third interim dividend	30 July
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	9.00 a.m. on 5 August
Extraordinary General Meeting	9.00 a.m. on 9 August
FCPT Extraordinary General Meeting	10.00 a.m. on 9 August
Effective Date of FCPT Scheme and FCPT in liquidation	9 August
Admission and dealings in the New UKCPT Shares commence	8.00 a.m. on 10 August
CREST accounts credited in respect of New UKCPT Shares in uncertificated form	10 August
Cheques expected to be despatched and CREST payments made to FCPT Shareholders who elected for the Cash Option	10 August
Certificates for New UKCPT Shares in certificated form despatched	Week commencing 16 August
Payment date for third interim dividend	27 August
Payment of first interim dividend in respect of the New UKCPT Shares	October

Notes:

- (i) The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified to the UK Listing Authority and the London Stock Exchange, and an announcement will be made through a Regulatory Information Service.
- (ii) All references to time in this document are to time in London.
- (iii) In this document, where the context requires, references to 8 July 2010 should be treated as being references to the latest practicable date prior to publication of this document.

Directors, Proposed Directors, Investment Manager and advisers

Directors and Proposed Directors	Christopher Martin Walter Hill (Chairman) Keith Dorrian Christopher Norman Fish John Ewart Robertson Andrew Luis Wilson John Holmes Stephen (Proposed Chairman) Peter Niven (Proposed Director) Nicholas John Mann Tostevin (Proposed Director) all non-executive and of Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL
Investment Manager	Ignis Investment Services Limited 50 Bothwell Street Glasgow G2 6HR
UK legal adviser and sponsor	Dickson Minto W.S. Royal London House 22/25 Finsbury Square London EC2A 1DX
Financial adviser	Execution Noble & Company Limited Block D, The Old Truman Brewery 91 Brick Lane London E1 6QL
Administrator, secretary and registrar	Northern Trust International Fund Administration Services (Guernsey) Limited Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL
Guernsey legal adviser	Mourant Ozannes 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Auditors	Ernst & Young LLP PO Box 9 Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF
Reporting accountants and tax adviser	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
Property valuers	CB Richard Ellis Limited St. Martin's Court 10 Paternoster Row London EC4M 7HP DTZ Debenham Tie Leung Limited 125 Old Broad Street London EC2N 2BQ
Principal banker	The Royal Bank of Scotland plc 2½ Devonshire Square London EC2M 4XJ
UK transfer agent	Computershare Investor Services (Jersey) Limited PO Box 329 Queensway House Hilgrove Street St. Helier Jersey JE4 9XY

Risk factors

The risk factors set out below are those which are considered by the Company and the Directors to be material to the Proposals, the Company, FCPT or the Enlarged UKCPT as at the date of this document and which the Directors believe Shareholders should consider prior to deciding how to cast their votes at the Extraordinary General Meeting but are not the only risks in relation to the Proposals, the Company, FCPT or the Enlarged UKCPT. Additional risks and uncertainties relating to the Company, FCPT and/or the Enlarged UKCPT that are not currently known to the Company and the Directors or that the Directors or the Company do not currently consider to be material may also have a material adverse effect on the Enlarged UKCPT and the market price of the Ordinary Shares. Shareholders in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser without delay.

RISKS RELATING TO THE PROPOSALS

The Proposals are subject to the satisfaction of a number of conditions

The implementation of the Proposals is subject to a number of conditions, details of which are set out in Part 2 of this document, and there is no certainty that the Proposals will become effective. The implementation of the Proposals is conditional upon the FCPT Resolutions being passed at the FCPT EGM and the Resolutions being passed at the EGM. The implementation of the Proposals is also conditional, *inter alia*, on elections for the Cash Option not being made in respect of more than 170 million FCPT Shares (being approximately 50 per cent. of the issued FCPT Shares held by FCPT's Independent Shareholders). In the event that the FCPT Resolutions, and/or the Resolutions are not passed, or any other condition of the Proposals is not met, the Proposals will not be implemented. In the event that the Scheme does not become effective, Shareholders and FCPT Shareholders will bear the costs of the proposed Scheme in proportion to their respective net assets as at 31 March 2010, being as to 59 per cent. and 41 per cent. respectively. Accordingly, if the Scheme does not become effective, it is estimated that costs of approximately £1.1 million would be payable by the Company, which are equivalent to 0.12 per cent. of the NAV of a UKCPT Share as at 31 March 2010.

Issue of New UKCPT Shares to FCPT Shareholders

New UKCPT Shares will be issued to FCPT Shareholders on the basis of the respective adjusted net asset values of each company calculated as at close of business on 30 June 2010 (based on the Market Value of the Properties as at 31 May 2010, other than the Chorley Property which was valued as at 18 June 2010), further details of which are set out in the section entitled 'FAVs and property valuation' in Part 1 of this document. The NAV of an FCPT Share or a UKCPT Share, and the valuations of the Properties, will vary between the Scheme Calculation Date, or the valuation date, and the Effective Date and the net asset values used for the purposes of the Proposals may be lower or higher than the illustrative figures in this document.

Limited warranties in relation to the acquisition of the business and assets of FCPT

The business and assets of FCPT will be acquired from FCPT pursuant to the terms of the Transfer Agreement. As the Scheme involves the members' voluntary liquidation of FCPT, the Transfer Agreement does not contain any warranties as to the title of FCPT to its assets or in relation to the business or properties of FCPT or the business, properties or liabilities of the FCPT Subsidiaries. Although the Company has undertaken a due diligence exercise in relation to the FCPT Group and the FCPT Property Portfolio, the business and assets of FCPT will be acquired together with any potential risks and liabilities associated with them, without the Company having any recourse against any person for any undiscovered liabilities or obligations connected with the assets of FCPT, including any title defects to the properties in the FCPT Property Portfolio. If any such issues arise after completion, the Enlarged UKCPT could be left with unexpected additional liabilities or obligations.

RISKS RELATING TO PROPERTY

Property valuation is inherently subjective

The value of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of Properties will correspond exactly with the actual sale price even where such sales occur shortly after the relevant valuation date.

The value of property may fluctuate as a result of factors outside the Company's, FCPT's and/or the Enlarged UKCPT's control

The performance of the Company, FCPT and/or the Enlarged UKCPT would be adversely affected by a further downturn in the property market in terms of market value or a weakening of investment yields. In the event of default by a tenant, or during any other void period, the Company, FCPT and/or the Enlarged UKCPT may suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs.

Any future property market recession could materially adversely affect the market value of properties.

Rent reviews may not be determined at the estimated rental value.

The Company's, FCPT's and the Enlarged UKCPT's ability to generate desired returns will depend on rental income generated and capital values of properties

Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.

The Company's, FCPT's and/or the Enlarged UKCPT's ability to pay dividends will be dependent principally upon its rental income. Rental income and the market value of properties are generally affected by overall conditions in the relevant local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact occupier demand for premises. Both rental income and market values may also be affected by other factors specific to the commercial property market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when the property is vacant.

Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the market value of the UKCPT Property Portfolio, the FCPT Property Portfolio and/or the Combined Portfolio and/or the rental income generated therefrom.

The downturn in the economy has caused considerable levels of write-downs, reduced output and an unwillingness to spend by various industries, which could result in a decrease in tenant demand for existing and future properties in the Company's, FCPT's and/or the Enlarged UKCPT's respective property portfolios. In the Emergency Budget on 22 June 2010, the Chancellor of the Exchequer announced significant increases in certain taxes, such as VAT, and proposed spending cuts. These measures may result in reduced spending by consumers (which may result in a higher proportion of retail clients defaulting on their leases) and less demand for office premises. In particular, as government departments' budgets are cut, they are expected to downsize and require less office space. Such a decrease in tenant demand could increase vacant space and exert pressure on the Company, FCPT and/or the Enlarged UKCPT to provide rental incentives to tenants resulting in a decrease in the rental income, ERV, rental growth and property values of the Company's, FCPT's and/or the Enlarged UKCPT's respective property portfolios, which could have a material adverse effect on the Company's, FCPT's and/or the Enlarged UKCPT's business, financial condition, results, operations, future prospects and/or the price of the Ordinary Shares.

The continued challenges resulting from global market turmoil and the weakened economic conditions in the United Kingdom and elsewhere could adversely impact consumer businesses and decrease the demand for property in a market with significant property stock availability, resulting in difficulties letting vacant space, the need for rental incentives to attract tenants, an outward shift in yields and a decrease in property valuations, which could have a material adverse effect on the Company's, FCPT's and/or the Enlarged UKCPT's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

The UKCPT Property Portfolio and the FCPT Property Portfolio have relatively low levels of vacant stock. However, certain of the Properties currently have, and some other properties owned by the Company, FCPT and/or the Enlarged UKCPT may, in the future, have, significant levels of vacancy. Certain of the Company's, FCPT's and/or the Enlarged UKCPT's properties may be specifically suited to the particular needs of a certain type of tenant. The Company, FCPT and/or the Enlarged UKCPT may have difficulty in obtaining a new tenant for any vacant space it has, or may have, in its properties, particularly if prospective tenants have negative perceptions of the attractiveness or other features of any property. The Company, FCPT and/or the Enlarged UKCPT may need to incur additional capital expenditure on a property to attract tenants. The assumptions made by the FCPT Valuer and/or the UKCPT Valuer regarding the length of void periods may underestimate the actual void periods suffered by the Company, FCPT and/or the Enlarged UKCPT. If the vacancy continues for a longer period of time, the Company, FCPT and/or the Enlarged UKCPT may suffer reduced revenues resulting in less income available to be distributed to Shareholders. In addition, the market value of a property could be diminished because the value of a particular property will depend principally upon the value of the leases of such property.

Where there are lease expiries within the FCPT Property Portfolio, the UKCPT Property Portfolio and/or Combined Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the UKCPT Property Portfolio, the FCPT Property Portfolio and/or Combined Portfolio.

The Company, FCPT and/or the Enlarged UKCPT may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

The Company, FCPT and/or the Enlarged UKCPT may face significant competition from UK or other foreign property companies or funds. Competition in the property market may lead either to an over-supply of commercial premises through over-development or to prices for existing properties or land for development being driven up through competing bids by potential purchasers. Accordingly, the existence of such competition may have a material adverse impact on the Company's, FCPT's and/or the Enlarged UKCPT's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory prices.

As the owner of real property, the Company, FCPT and/or the Enlarged UKCPT is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company, FCPT and/or the Enlarged UKCPT owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company, FCPT and/or the Enlarged UKCPT is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's, FCPT's and/or the Enlarged UKCPT's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares. Environment assessments have been carried out in respect of a number of the Properties. There are no material contamination issues identified in those assessments in the context of the overall UKCPT Property Portfolio or the FCPT Property Portfolio. Environmental reports were prepared in relation to the acquisition by the FCPT Group in October 2009 of the properties at Plot 6A, Plot 8 and Plot 10A, Hams Hall (now forming part of the FCPT Property Portfolio and held by a member of the FCPT Group to be acquired by the Company pursuant to the Scheme) and the environmental risk assessment of all of these plots was determined to be low to medium. Draft environmental reports in relation to the properties at Plot 6A, Plot 8 and Plot 10A, Hams Hall have also been prepared in connection with the Acquisition and they include recommendations that further investigations be carried out in relation to each of these plots. Further reports have been reviewed in relation to Plots 6A and 10A and the environmental risk assessment of these plots has been determined to be low to moderate. Currently, there is no further report available in respect of Plot 8 and, for the purpose of its valuation report set out in Part 5 of the Prospectus, the FCPT Valuer has made an assumption that the environmental risk assessment of Plot 8 would also be low to moderate. Should it be established that contamination does exist in respect of Plot 8, the market value of this property may be affected. For those Properties with contamination, the valuations in the Valuation Reports take into account the relevant Valuer's opinion of the market's likely perception of the environmental issues involved.

GENERAL RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

An investment in the Ordinary Shares involves certain risks. The risks described below could have a material adverse effect on the Company's, FCPT's and the Enlarged UKCPT's business, financial condition, future prospects and the price of the Ordinary Shares and it is possible that Shareholders could lose all or part of their investment in the Ordinary Shares.

The market value of, and the income derived from, the Ordinary Shares can fluctuate. The market value of an Ordinary Share, as well as being affected by its net asset value and prospective net asset value, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an Ordinary Share may vary considerably from its underlying net asset value. Fluctuations could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation, market perceptions as to when and at what level the Company, FCPT and/or the Enlarged UKCPT will pay dividends on the Ordinary Shares and various other factors and events, including the liquidity of financial markets, variations in the Company's, FCPT's and the Enlarged UKCPT's operating results, business developments of the Company, FCPT or the Enlarged UKCPT and/or its competitors. Stock markets have recently experienced significant price and volume fluctuations that have affected market prices for securities.

The Company does not have a fixed winding up date and, therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market. Continuation votes, which are to be held in accordance with the Articles, will be proposed as ordinary resolutions. In the event that any one shareholder or group of shareholders holds over 50 per cent. of the Ordinary Shares at the time of voting, such holding would be sufficient, by itself, to pass or block such resolution. The Phoenix Group Companies currently hold in excess of 50 per cent. of the Ordinary Shares. In the event that the Scheme becomes effective, it is estimated that the Phoenix Group Companies will hold up to 55.21 per cent. of the Enlarged UKCPT's Ordinary Shares as at the Effective Date. It is estimated that the FP Group will hold up to 15.01 per cent. of the Enlarged UKCPT's Ordinary Shares as at the Effective Date.

There can be no guarantee that the investment objectives of the Company, FCPT and/or the Enlarged UKCPT will be met. There is no guarantee that the expected dividend in respect of any period will be paid.

Dividend growth on the Ordinary Shares will depend principally on growth in rental income received from the underlying assets and the extent to which the UKCPT Group is invested. There is no guarantee that the expected dividends will be paid. In the absence of capital and/or income growth in the Combined Portfolio, the expected dividend policy of the Enlarged UKCPT will lead to a reduction in the net asset value per Ordinary Share.

RISKS RELATING TO THE INVESTMENT MANAGER

The past performance of the Investment Manager and other assets managed by the Investment Manager are not guides to the future performance of the Company. The Company has no employees and will be dependent on the skills and experience of the Investment Manager to manage its investments. The departure of key skilled professionals from the Investment Manager could have a material adverse effect on the Company's, FCPT's and/or the Enlarged UKCPT's business, financial condition and results or operations.

RISKS RELATING TO REGULATION, ENFORCEMENT OF JUDGMENTS AND TAXATION

Regulation

The Company, the Property Subsidiary and the FCPT Subsidiaries are limited companies incorporated in Guernsey. The Company's, the Property Subsidiary's and the FCPT Subsidiaries' ability to pay dividends is governed by The Companies (Guernsey) Law, 2008 which came into force in Guernsey on 1 July 2008. This replaced The Companies (Guernsey) Law, 1994. One of the immediate effects of The Companies (Guernsey) Law, 2008 was to replace the capital maintenance requirements in respect of dividend and distribution payments and requirements for distributions to be made from distributable profits (similar to that which UK companies are subject) with a solvency based test. The use of the solvency test now requires the directors of a company to carry out a liquidity or cashflow test and a balance sheet solvency test before any dividend or distribution payment can be made. The test requires the board to make a future assessment of solvency by making reference to the solvency test being satisfied immediately after a distribution or dividend payment is made. If at the time a dividend or distribution payment is to be made the directors believe that the solvency test cannot be passed, then no payment may be made. If under Guernsey law there were to be a change to the basis on which dividends could be paid by Guernsey companies, this could have a negative effect on the Company's, FCPT's and/or the Enlarged UKCPT's ability to pay dividends. The solvency test introduced by The Companies (Guernsey) Law, 2008 must be satisfied by the Company, FCPT's and/or the Enlarged UKCPT's before any dividend payments may be made.

As a holding company, the Company's ability to pay dividends is affected by a number of factors but principally its ability to receive sufficient dividends from the Property Subsidiary. In the event that the Scheme becomes effective, the Company's ability to pay dividends will also be affected by the level of dividends received from the FCPT Subsidiaries. The payment of dividends to the Company by the Property Subsidiary is, and, subject to the Scheme becoming effective, the FCPT Subsidiaries will be, subject to certain regulatory requirements. In addition, there may be other restrictions including, but not limited to, applicable tax laws and covenants in debt facilities. These laws and restrictions could limit the payment of future dividends and distributions to the Company by the Property Subsidiary and, in the event that the Scheme becomes effective, by the FCPT Subsidiaries, which could restrict the Company's ability to fund other operations or to pay a dividend to holders of the Ordinary Shares.

The rights of holders of the Ordinary Shares are governed by Guernsey law and by the Company's memorandum and Articles of Association. These rights may differ from the rights of shareholders in typical UK corporations.

Enforcement of judgments

A Shareholder may not be able to enforce a judgment against some or all of the Directors of the Company and/or the Enlarged UKCPT. Some of the Directors are resident in the Channel Islands and some are resident in the UK. It may not be possible for a Shareholder to effect service of process upon the Directors within the Shareholder's country of residence or to enforce a judgment against the Directors in the courts of the Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Guernsey against the Directors who are residents of countries other than those in which judgment is made. In addition, Guernsey courts or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company and/or the Enlarged UKCPT or the Directors in a court of competent jurisdiction in Guernsey.

Taxation

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Any change in the Enlarged UKCPT's tax status or in taxation legislation in Guernsey or the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company, the Property Subsidiary, the FCPT Subsidiaries or any other member of the Enlarged UKCPT, or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

Under current United Kingdom tax law, UK letting agents are required to withhold amounts on account of, or to account to HM Revenue & Customs for United Kingdom income tax in respect of rent collected on behalf of a landlord which has a normal place of business outside the United Kingdom, unless a direction (a "Direction") has been given by HMRC confirming that payments to such a landlord may be made without withholding or deduction

for or on account of UK income tax and that no such obligation to account to HMRC arises. The Property Subsidiary, the FCPT Property Subsidiary, SCP Estate and the GP have each received a Direction. In the future, one or more of the Directions may be withdrawn. Any new property holding subsidiary of the Enlarged UKCPT would have to apply for such a Direction and there is no guarantee that it would be granted.

The Directors are not aware of any pending or threatened action by HMRC which would result in the withdrawal of a Direction. However, in the event that a Direction in respect of the Property Subsidiary, the FCPT Property Subsidiary, SCP Estate, the GP or any other member of the Enlarged UKCPT Group is withdrawn, the UK letting agent will be required to make payment to HMRC on account of the United Kingdom income tax liability of the Property Subsidiary, the FCPT Property Subsidiary, SCP Estate, the GP or such other member of the Enlarged UKCPT Group.

The Company, the Property Subsidiary and the FCPT Subsidiaries are resident outside the UK for tax purposes. The Company generates, and the Enlarged UKCPT will generate, rental income from a portfolio of UK properties held directly and via certain indirect holdings. UK income tax (currently at the rate of 20 per cent.) is payable by the Property Subsidiary and certain of the FCPT Subsidiaries on the net rental income (as computed for the purposes of UK taxation) arising on the Combined Portfolio. In computing the net rental income of the Property Subsidiary and the relevant FCPT Subsidiaries, a deduction is available for interest payable by them on loans made to them by members of the UKCPT Group and FCPT Group (and the Bond Issuer) respectively for the purposes of their rental businesses, to the extent that the amount of interest payable does not exceed the amount of interest that would be payable by them had they borrowed from a third party on arm's length terms. In the event that HMRC were successfully to show that the terms, including the quantum, of these loans were excessive, compared to the terms which would be negotiated between parties dealing at arm's length, any interest costs attributable to that excess would not be deductible for UK tax purposes, with the result that net rental income liable to tax of the Property Subsidiary or the relevant FCPT Property Subsidiaries would be increased, which would have an adverse effect on the Company's ability to pay dividends to Shareholders at the current rate, or indeed at all.

The Company is currently operated and managed, and the Enlarged UKCPT will be operated and managed, so as not to be subject to UK capital gains tax in respect of dealings in UK property. If the present UK tax treatment of non-resident investors in UK property were to change, the Enlarged UKCPT could be subject to UK tax on capital gains.

Any change (including a change in interpretation) in tax legislation, either in Guernsey or in the United Kingdom or in other countries in which the Enlarged UKCPT operates, could have a material adverse effect on the Enlarged UKCPT's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares. Changes to tax legislation could include the imposition of new taxes or increases in tax rates in Guernsey or in the United Kingdom. In particular, an increase in the rates of stamp duty land tax could have a material impact on the price at which UK land can be sold, and therefore on asset values.

RISKS RELATING TO BORROWINGS

The Company has arranged the Lloyds Facility under which it is entitled to draw down an aggregate principal amount of up to £80 million for general corporate purposes of which it has drawn down an aggregate principal amount of £42.1 million. F&C Commercial Property Finance Limited has issued £230 million of secured Bonds. The Bond Issuer is not a member of the FCPT Group. However, the proceeds of the issue of the Bonds have been on lent by the Bond Issuer to FCPT Holdings (a member of the FCPT Group which will be acquired by the Company pursuant to the Scheme) pursuant to the Bond Facility Agreement. FCPT Holdings' obligations under the Bond Facility Agreement are secured by fixed and floating charges granted over the assets of the FCPT Secured Group (which does not include the SCP Secured Group). The FCPT Secured Group and the SCP Secured Group will be acquired by the Company pursuant to the Scheme. SCP Holdings (a member of the FCPT Group which will be acquired by the Company pursuant to the Scheme), has arranged the Barclays Facility under which it has drawn down an aggregate principal amount of £50 million in order to fund partly the acquisition of certain properties at St. Christopher's Place Estate. The Barclays Facility is secured by fixed and floating charges granted over the assets of the SCP Secured Group (including the properties at St. Christopher's Place Estate).

In connection with the Scheme, the Company proposes to amend its investment policy to state that the Board intends that borrowings of the Enlarged UKCPT Group at the time of draw down will be limited to 25 per cent. of the Total Assets of the Enlarged UKCPT Group. For so long as the Lloyds Facility remains outstanding, it is the Board's current intention that borrowings of the Company will be limited to a maximum of 10 per cent. of the UKCPT Group's net assets at the time of draw down. Prospective investors should also be aware that the Enlarged UKCPT will be entitled to invest up to 15 per cent. of the Total Assets in vehicles which themselves invest in UK commercial property and may themselves be entitled to incur borrowings.

If the Scheme becomes effective, there will be an increase in the gearing of the Enlarged UKCPT Group through the assumption of the principal debt obligation of £230 million owed by FCPT Holdings to the Bond Issuer pursuant to the Bond Facility Agreement and the principal debt obligations of £50 million owed by SCP Holdings to Barclays.

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Company's, FCPT's and the Enlarged UKCPT's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the UKCPT Property Portfolio, the FCPT Property Portfolio or the Combined Portfolio (as the case may be) falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Enlarged UKCPT and, accordingly, will have an adverse effect on the Enlarged UKCPT's ability to pay dividends to Shareholders.

The Lloyds Facility Agreement, the Bond Documents and the Barclays Facility Agreement contain financial covenants which require the Company, the Bond Issuer and members of the FCPT Secured Group and SCP Holdings respectively to comply with certain financial tests. Although the Company does not believe any such event will occur within the 12 month period from the date of this document, if relevant members of the Enlarged UKCPT Group are unable to comply with the financial covenants under the Lloyds Facility Agreement, the Bond Documents and/or the Barclays Facility Agreement, the Company or other members of the Enlarged UKCPT Group may be required to repay such borrowings in whole or in part together with any attendant costs including prepayment costs and alternative methods of satisfying the Enlarged UKCPT's funding requirements may only be available on expensive or onerous terms.

For further discussions of these financial covenants see paragraphs 8.1.7, 8.2.7 and 8.2.8 of Part 3 of this document.

If the Enlarged UKCPT is required to repay all or part of its borrowings, it may be required to sell assets comprised in the Combined Portfolio at less than their Market Value or at a time, and in circumstances, when the realisation proceeds are reduced because of a downturn in property values generally or because there is limited time to market the Properties. If any of the covenants contained in the Lloyds Facility Agreement have been breached, Lloyds may be able to prevent the Company from paying dividends. Under the terms of the security granted by the current UKCPT Group in favour of the trustee of the security granted in relation to the Lloyds Facility Agreement, on an event of default under the Lloyds Facility Agreement, such trustees will be entitled to appoint an administrator over the assets of certain members of the current UKCPT Group. The appointment of an administrator and the enforcement of such security may materially adversely affect the value of a Shareholders' investment. The Company does not currently expect any of the covenants in the Lloyds Facility Agreement to be breached.

If any of the covenants contained in the Bond Facility Agreement have been breached, or if certain other tests, including regarding net income of the Company, are not met, the Bond Issuer may also be able to prevent the FCPT Secured Group from paying dividends. Under the terms of the security granted by the FCPT Secured Group in favour of the trustee of the security granted in relation to the Bond Facility Agreement for the benefit of the Bond Issuer, on an event of default under the Bond Facility Agreement, such trustee will be entitled to appoint an administrator over the assets of the FCPT Secured Group. The appointment of an administrator and the enforcement of such security may materially adversely affect the value of a Shareholder's investment. The Company does not currently expect any of the Bond covenants to be breached.

If any of the covenants contained in the Barclays Facility Agreement have been breached, interest payable in terms of the Barclays Facility Agreement has not been paid timeously, or if a default has otherwise arisen, Barclays may also be able to prevent SCP Holdings from paying dividends. Under the terms of the security granted by the SCP Secured Group in favour of the trustee of the security granted in relation to the Barclays Facility Agreement, on an event of default under the Barclays Facility Agreement, such trustee will be entitled to appoint an administrator over the assets of the SCP Secured Group. The appointment of an administrator and the enforcement of such security may materially adversely affect the value of a Shareholder's investment. The Company does not currently expect any of the covenants in the Barclays Facility Agreement to be breached.

There is no certainty that the Enlarged UKCPT will be able to refinance the amounts due in respect of the Lloyds Facility Agreement or the FCPT Bonds on either of their expected repayments in 2015 or the Barclays Facility Agreement on its expected repayment in 2017 (i.e. in each case not within the 12 month period from the date of this document), either at all or on acceptable terms. There is no certainty that the Enlarged UKCPT will be able to refinance any other borrowings incurred on their expected repayment date, either at all or on acceptable terms. At some point, in the medium to longer term (i.e. not within the 12 month period from the date of this document), the Company may need to incur further borrowings to fund its cash flow requirements, including the payment of dividends. There is no certainty that such borrowings will be made available to the Company, either at all or on acceptable terms.

RISKS RELATING TO THE ECONOMIC ENVIRONMENT

Global market uncertainty and the weakened economic conditions in the United Kingdom and elsewhere and, in particular, the restricted availability of credit have impacted and are likely to continue to impact the value of the FCPT Property Portfolio, the UKCPT Property Portfolio and/or the Combined Portfolio and may reduce liquidity in the commercial property market. A lack of liquidity in commercial property assets may prevent the Company, FCPT and the Enlarged UKCPT from taking advantage of occupational demand and rental growth or disposing of

lower growth or riskier assets, thereby adversely affecting the Company's, FCPT's or the Enlarged UKCPT's net asset value. As a result, the Company, FCPT and the Enlarged UKCPT may be unable to sell property or, alternatively, might be forced to sell property at less than the value stated in the valuation of the FCPT Property Portfolio, the UKCPT Property Portfolio and/or the Combined Portfolio, which could have a material adverse effect on its business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

Occupier demand for commercial property has decreased as a result of the recent weakened economic conditions and may continue to decrease, in part due to a reduction in the availability of new financing (including securitisation of property assets). Some lenders in the market have taken opportunities, where possible, to negotiate a reduction in their exposure under existing facilities. Although the Company currently expects that it could refinance its borrowings, such market turmoil may also affect the Company's, FCPT's and/or the Enlarged UKCPT's ability to refinance its obligations or obtain new financing over the longer term. This could have a material adverse effect on the Company's, FCPT's and the Enlarged UKCPT's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

There has been significant pressure on income from commercial property in the UK, particularly since the start of 2009, as a result of increased voids and other factors. Any material decrease in the income of the Company, FCPT and the Enlarged UKCPT may hinder the Company's, FCPT's and/or the Enlarged UKCPT's ability to pay dividends at the current rate or at all.

RISKS RELATING TO VALUATIONS

The UKCPT Property Portfolio and the FCPT Property Portfolio have been independently valued by the UKCPT Valuer and FCPT Valuer respectively as at 31 May 2010 (other than the Chorley Property which was valued as at 18 June 2010) on the basis of "Market Value" in accordance with the Red Book. In determining Market Value, the Valuers are required to make certain assumptions. Such assumptions may prove to be inaccurate. The valuations of FCPT's and the Company's wholly-owned properties are opinions of value only as of their valuation date. There has been no material change in the valuation of these properties since 31 May 2010 (or 18 June 2010 in the case of the Chorley Property). However, market volatility following the date of publication of this document may cause further significant changes in the value of the FCPT Group's properties and the UKCPT Group's properties. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

The value of the FCPT Group's properties and the UKCPT Group's properties may be affected by factors outside of the Company's, FCPT's and/or the Enlarged UKCPT's control, including declining demand for industrial, office and retail estate, changes in general economic conditions, changing local supply and the attractiveness of property to other investment choices. Failure to achieve successful sales of properties in the future at acceptable prices could have an adverse effect on the Company's, FCPT's and/or the Enlarged UKCPT's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

Part 1

Letter from the Chairman of the Company

UK COMMERCIAL PROPERTY TRUST LIMITED

(An investment company incorporated in Guernsey with registered number 45387)

Directors

Christopher Hill (*Chairman*)
Keith Dorrian
Christopher Fish
John Robertson
Andrew Wilson

Registered office

Trafalgar Court
Les Banques
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Guernsey
GY1 3QL

12 July 2010

Dear Shareholder,

Recommended proposals in relation to the acquisition of the business and assets of F&C Commercial Property Trust Limited, a proposed related party transaction and Notice of Extraordinary General Meeting

Introduction

On 9 June 2010, the Board and the board of directors of F&C Commercial Property Trust Limited announced that they had reached agreement on the terms of a recommended acquisition of the business and assets of FCPT by the Company. The acquisition is to be effected through a voluntary solvent liquidation of FCPT and the issue of New UKCPT Shares by the Company.

Under the Scheme, FCPT Shareholders will receive New UKCPT Shares on the basis of the respective adjusted net asset values of the Company and FCPT or will be able to elect to receive 91p per share in cash for their FCPT Shares.

This document explains the Proposals which, in order to become effective, require certain conditions to be satisfied. These conditions include Shareholder approval at the Extraordinary General Meeting to be held on 9 August 2010 at 9.00 a.m. at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL. The resolutions which will be proposed at the EGM are as follows:

- Resolution 1, a special resolution, on which all Shareholders may vote:
 - (i) to amend the investment policy, it being a requirement of the Listing Rules that the Company obtain the prior approval of its Shareholders to any material change to its investment policy. Details of the proposed amendments to the investment policy are set out in the section entitled 'Change of investment policy' below; and
 - (ii) to amend the Articles of Association of the Company, it being a requirement of Guernsey company law that any such amendment be approved by special resolution; and
- Resolution 2, an ordinary resolution, on which only Independent Shareholders may vote:
 - (i) to approve those elements of the Proposals which constitute a related party transaction under Chapter 11 of the Listing Rules and the proposed Acquisition, which is a class 1 transaction under Chapter 10 of the Listing Rules. Further details of the Related Party Transaction are set out in the section entitled 'Related party approval' below; and
 - (ii) to authorise the issue of New UKCPT Shares pursuant to the Phoenix Subscription in connection with the Scheme, it being a requirement of the Listing Rules that shareholder approval is required in respect of any issue of shares at a price which may potentially be at a discount of more than 10 per cent. to the middle market price of the Ordinary Shares at the time the issue was agreed or at a discount to the net asset value per share. The reasons for this resolution are explained further in the section entitled 'Approval of the issue price of shares to be subscribed for by Phoenix' below.

Resolution 1 is subject to and conditional upon the passing of Resolution 2.

This document also explains why the Directors believe that the Proposals are in the best interests of Shareholders as a whole. Further details of the Proposals are set out below and in the Prospectus, which is enclosed with this document. The notice convening the Extraordinary General Meeting is set out at the end of this document.

The Board, which has been advised by Execution Noble, recommends that you vote in favour of the Proposals at the Extraordinary General Meeting.

The Scheme

The acquisition of FCPT's business and assets (including the FCPT Subsidiaries which hold the FCPT Property Portfolio) by the Company will be achieved through a voluntary solvent liquidation of FCPT with options for FCPT Shareholders to elect to:

- roll over their investment in FCPT into New UKCPT Shares (the "Rollover Option"); or
- receive 91p in cash per FCPT Share (the "Cash Option"); or
- select the Cash Option in respect of certain of their FCPT Shares and the Rollover Option in respect of the balance.

FCPT Shareholders who do not make a valid election for the Cash Option will be deemed to have elected for the Rollover Option. Upon the liquidation of FCPT, the Liquidator will implement the Scheme by distributing FCPT's business and assets to the Company in return for an issue of New UKCPT Shares to those FCPT Shareholders who have elected (or are deemed to have elected) for the Rollover Option and a payment of cash sufficient to meet elections under the Cash Option plus an amount estimated by the Liquidator of FCPT to be sufficient to meet the actual and contingent liabilities of FCPT and an additional amount, not to exceed £250,000, which the Liquidator considers to be appropriate to provide for any unknown liabilities of FCPT. The Scheme will result in all of the subsidiaries of FCPT being transferred to the Company and FCPT then being wound up. To the extent that any assets of FCPT remain after the satisfaction of all FCPT's liabilities, the balance will be paid, in due course, in cash to the Company without any further New UKCPT Shares being issued in respect of such amounts.

The Scheme is conditional, *inter alia*, on valid elections for the Cash Option not being made in respect of more than 170 million FCPT Shares (being approximately 50 per cent. of the issued FCPT Shares held by FCPT's Independent Shareholders). There will be no scaling back of elections for the Cash Option. Further details of the conditions to the Scheme are set out in the section entitled 'Conditions to the Scheme becoming effective' below.

The New UKCPT Shares will rank *pari passu* with the existing issued Ordinary Shares in respect of any dividends declared, made or paid with a record date on or after the date of issue of the New UKCPT Shares.

The Takeover Code will not apply to this transaction, other than in the event of a competing Takeover Code regulated transaction.

Benefits of the Scheme

The Board believes that the Scheme offers significant benefits for all Shareholders as noted below.

- The Scheme will result in a substantial increase in the size of the Company's property portfolio to approximately £1.7 billion (compared with the Company's current property portfolio which is valued at approximately £880 million), which will:
 - diversify further the property and tenant exposure;
 - provide complementary geographic and sector exposures without incurring material acquisition costs;
 - improve the profile of lease expiries by spreading them over a more diversified tenant base and provide attractive asset management opportunities in the medium term;
 - enable the Enlarged UKCPT to obtain exposure to assets with a larger lot size; and
 - enhance the Enlarged UKCPT's ability to undertake asset management initiatives in the Combined Portfolio without having a material adverse effect on the Combined Portfolio's income returns.
- The Scheme offers the Company exposure to the FCPT Property Portfolio which has strong capital growth opportunities through its significant South East and Central London sector weightings.
- The Enlarged UKCPT is expected to have a market capitalisation (based on FCPT's and the Company's closing share prices as at 8 July 2010) of approximately £1.6 billion (on the assumption that no FCPT Shareholders elect to receive cash under the Cash Option). This increase in scale should significantly enhance the liquidity in the Ordinary Shares, widen the shareholder base and increase the attractiveness of the Enlarged UKCPT to existing and new investors.
- There will be a significant reduction in the Total Expense Ratio of the Enlarged UKCPT compared to the current Total Expense Ratio of the Company, largely as a result of a reduction in the Enlarged UKCPT's management fees.

- The Scheme offers the Company the opportunity to acquire a significant prime UK commercial property portfolio with minimal associated transaction costs, funded by the issue of New UKCPT Shares to FCPT Shareholders at the FAV, calculated as at 30 June 2010. The Issue Costs (which include the costs and expenses payable by the Company in relation to the Scheme) will be approximately £4.6 million and be borne by all Continuing Shareholders. These costs would be approximately 0.58 per cent. of the value of the FCPT Property Portfolio. This compares to the typical costs of acquiring a UK property of approximately 5.75 per cent. of the purchase price.
- Ignis has a strong investment management team which has managed the acquisition of a number of property portfolios in recent years. As part of a further expansion of its business and in connection with the increase in its funds under management, Ignis has committed to add further asset management, research and administrative support for the management of the Enlarged UKCPT. Ignis has also agreed to meet the compensation payable to F&C upon the termination of the investment management agreements with the FCPT Group in respect of the balance outstanding of the six month notice period as at the Effective Date.
- An increase in the gearing of the Company, at minimal cost, through assuming the FCPT Bonds of £230 million, fixed at an interest rate of 5.23 per cent. per annum until 2015 and the Barclays Facility of £50 million fixed at an interest rate of 4.88 per cent. per annum until 2017.
- A significant reduction in the Phoenix Group Companies' majority shareholding in the Company, which as a result of the Scheme could fall below 50 per cent. in the Enlarged UKCPT.

The Scheme is being recommended by the independent boards of FCPT and the Company. Your Board believes that the Proposals set out in this document are in the best interests of Shareholders as a whole. The Board has consulted with investors representing a significant majority of the Independent Shareholders and is confident that the Proposals will be supported by a majority of Independent Shareholders. Phoenix and PALAL (both Phoenix Group Companies) and Friends Provident together hold 67.53 per cent. of the UKCPT Shares and 49.70 per cent. of the FCPT Shares and have irrevocably committed to support the Scheme and not to elect for the Cash Option.

FAVs and property valuation

The New UKCPT Shares will be issued to FCPT Shareholders who elect (or who are deemed to have elected) for the Rollover Option on the basis of the respective net asset values of an FCPT Share and a UKCPT Share as adjusted as noted below (the "FAVs"). The FAV of an FCPT Share and of a UKCPT Share will be calculated as at 30 June 2010 on the basis of a valuation of the FCPT Property Portfolio and UKCPT Property Portfolio as at 31 May 2010 (save in respect of the Chorley Property, which was valued as at 18 June 2010).

The FAV of each share will be calculated using each company's respective accounting policies (which are substantially similar) and the properties have been valued by independent valuers. These FAVs will include an adjustment in respect of the interim dividends that have been declared with a record date, or that are to be paid, after 30 June 2010.

As noted in the section entitled 'Costs and expenses of the Scheme' below, the costs of the proposed Scheme will be borne equally by all Continuing Shareholders. The FAVs will include an adjustment in respect of any transaction costs already incurred by the respective companies prior to the calculation of the FAVs. The auditors of each of the Company and FCPT will review the calculation of the FAVs used to calculate the number of New UKCPT Shares to be issued to FCPT Shareholders who elect (or who are deemed to have elected) for the Rollover Option and will report to the Board and the FCPT Board accordingly.

Illustrative financial effects

Based on the net asset values per share as at 31 March 2010 of 92.1p for FCPT and 75.6p for the Company, adjusted for dividends declared but not yet paid as at that date, an FCPT Shareholder would receive approximately 1.22 New UKCPT Shares in respect of each FCPT Share held. As at 31 May 2010, the Market Value of the FCPT Property Portfolio and the UKCPT Property Portfolio had increased by 1.79 per cent. and 1.48 per cent. respectively, on a like for like basis, from the valuations as at 31 March 2010.

Based on the closing share price of an Ordinary Share of 80p as at 8 July 2010 and on the illustrative ratio given above, an FCPT Shareholder would receive New UKCPT Shares with an aggregate market price of £97.60 for every 100 FCPT Shares held, which have a current aggregate market price of £93.25 based on the closing share price of an FCPT Share of 93.25p as at 8 July 2010.

After the Effective Date, Continuing Shareholders in the Enlarged UKCPT will benefit from a substantial reduction in the running costs of the Enlarged UKCPT both as a result of the fixed costs being spread over a larger asset base and the significant reduction in the annual management fees as described in more detail in the section entitled 'Revised management arrangements' below.

The Cash Option

Under the Cash Option, eligible FCPT Shareholders may elect to dispose of some or all of their FCPT Shares for 91p per share in cash.

Friends Provident and Phoenix have undertaken not to elect for the Cash Option in respect of their holdings of FCPT Shares. It is a condition of the Scheme that if elections under the Cash Option are made for more than 170 million FCPT Shares (being approximately 50 per cent. of the issued FCPT Shares held by FCPT's Independent Shareholders) then the Scheme will not proceed.

91p per FCPT Share currently represents a discount to the net asset value of an FCPT share as at 31 March 2010 and is also less than the current market price of the New UKCPT Shares that an FCPT Shareholder would be entitled to receive under the Rollover Option based on the ratio set out in the section entitled 'Illustrative financial effects' above.

Funding the Cash Option

The maximum aggregate cash required by the Company to fund the Cash Option would be approximately £155 million, for 170 million FCPT Shares at 91p per share. The Company will fund the Cash Option through the combination of an issue of New UKCPT Shares to Phoenix for cash and its existing cash resources. The amount of cash required will depend on elections received under the Cash Option and cannot therefore be determined in advance of the Scheme concluding.

Phoenix has agreed, conditional on the Scheme becoming effective, to subscribe for up to £130 million in New UKCPT Shares to fund partially the Cash Option. Such New UKCPT Shares will be issued at a price equivalent to the discount or premium to the UKCPT FAV as at 30 June 2010 that 91p per share is to the FCPT FAV as at 30 June 2010 as calculated for the purposes of the Scheme. Accordingly, the subscription for New UKCPT Shares by Phoenix would have neither a dilutive or accretive impact on the FAV per UKCPT Share. The Company expects to fund the balance of the cash required for the Cash Option out of its existing cash reserves, which as at 30 June 2010 amounted in aggregate to approximately £85.3 million.

Under the Phoenix Subscription Agreement:

- the first £50 million of cash required by the Company to satisfy elections under the Cash Option will be funded as to 50 per cent. by the subscription for New UKCPT Shares by Phoenix (with the balance satisfied by the Company using its existing cash resources and cash reserves);
- if the amount of cash required by the Company to satisfy elections for the Cash Option is more than £50 million, Phoenix has the option as to whether it subscribes for further New UKCPT Shares to fund elections in respect of up to the next £42 million of funds required (or whether the Company should use its existing cash resources and cash reserves to do so); and
- any cash required by the Company to satisfy elections for the Cash Option in excess of £92 million will be funded by the subscription for further New Ordinary Shares by Phoenix,

provided that the aggregate amount to be subscribed by Phoenix for New UKCPT Shares would not exceed £130 million.

Accordingly, the minimum amount of cash to be used by the Company to fund the Cash Option would be £25 million, assuming at least £50 million is payable to FCPT Shareholders under the Cash Option and the maximum amount would be £67 million if Phoenix only subscribes for its minimum commitment of £88 million and the maximum amount is payable under the Cash Option. No underwriting commission will be payable by the Company to any Phoenix Group Companies in respect of this subscription commitment.

On the assumption that part of the Company's existing cash resources is used to fund the Cash Option and based on the net asset value per FCPT Share as at 31 March 2010 of 92.1p, elections for the Cash Option would result in a small enhancement to the Enlarged UKCPT's net assets before taking into account the costs of the Scheme. Any enhancement to or reduction in the net assets, if the FCPT FAV as at 30 June 2010 (as calculated for the purposes of the Scheme) is above or below 91p per share, will be for the benefit, or detriment, of all Continuing Shareholders.

Approval of the issue price of shares to be subscribed for by Phoenix

The Listing Rules require that placings of equity shares must not be made by listed companies such as the Company at more than a 10 per cent. discount to the middle market price at the time the placing is agreed. However, this restriction does not apply to a placing at a discount of more than 10 per cent. where the terms of the placing at that discount have been specifically approved by the issuer's shareholders. In addition, unless authorised by its shareholders, a closed-ended investment fund such as the Company may not issue further shares of the same class as existing shares for cash at a price below the net asset value per share of those shares unless they are first offered *pro rata* to existing holders of shares of that class.

The terms of the Phoenix Subscription were agreed on 8 June 2010 and the Closing Price of a UKCPT Share on such date was 76.85p. As the issue price of the New UKCPT Shares to be subscribed for by Phoenix is to be determined by reference to the discount or premium to the UKCPT FAV as at 30 June 2010 that 91p per share is to the FCPT FAV as at 30 June 2010, the New UKCPT Shares to be issued pursuant to the Phoenix Subscription may be issued at a discount of more than 10 per cent. to the Closing Price of a UKCPT Share on 8 June 2010 and at a discount to the net asset value per share. Accordingly, Resolution 2 seeks, among other matters, Independent Shareholder approval of the issue of New UKCPT Shares to Phoenix pursuant to the Phoenix Subscription at a price which may potentially be at a discount of more than 10 per cent. to the middle market price at the time the placing was agreed and below the net asset value per Ordinary Share.

Revised management arrangements

Ignis will continue as the investment manager of the Enlarged UKCPT. Ignis is a wholly owned asset management subsidiary of Ignis Asset Management Limited. Ignis and Ignis Asset Management Limited are both Phoenix Group Companies. Ignis currently has approximately £69 billion of assets under management, of which approximately £3.3 billion are commercial property assets.

In proposing the Scheme, Ignis has agreed, if the Proposals become effective, to reduce its basic management fee from 0.75 per cent. per annum of the Company's net assets and 0.50 per cent. of assets represented by debt to the following bases:

- 0.60 per cent. per annum on the Total Assets less Borrowings of the Enlarged UKCPT; plus
- 0.50 per cent. per annum on the Borrowings of the Enlarged UKCPT; less
- a reduction in the basic fee on Total Assets to 0.25 per cent. per annum on any cash held by the Enlarged UKCPT in excess of 5 per cent. of its Total Assets.

No performance fee will be payable to Ignis by the Enlarged UKCPT (performance fee arrangements are currently in place for FCPT). Ignis will rebate to the Enlarged UKCPT any insurance commissions it receives in respect of the Combined Portfolio.

On 9 June 2010, the FCPT Group gave F&C notice of termination of the existing investment management contracts with F&C which have a six month notice period. F&C's appointment as investment manager of the FCPT Group will be terminated on the Effective Date and Ignis will be appointed as investment manager of the FCPT Property Portfolio on the Effective Date. Ignis has agreed to meet any compensation due to F&C in respect of the balance outstanding of the six month notice period as at the Effective Date. The Enlarged UKCPT's investment management agreements with Ignis will remain subject to termination by either Ignis or the Enlarged UKCPT at any time on not less than 12 months' written notice.

Ignis has a strong investment management team and has committed to add further asset management, research and administrative support for the management of the Enlarged UKCPT.

The Board understands that Ignis has arrangements in place between it and certain Phoenix Group Companies and Friends Provident, as significant shareholders in the Enlarged UKCPT, for a partial rebate of fees to those shareholders. The Company is not party to any such arrangements.

Moody's Investor Service has confirmed that it will not reduce or withdraw the current ratings of the Bonds as a result of the proposed change of investment manager.

Dividends

It is intended that the Company will pay a third interim dividend of 1.3125p per share. This third interim dividend will be paid in August 2010 to UKCPT Shareholders on its register as at the UKCPT Dividend Record Date. Holders of New UKCPT Shares will not be entitled to this dividend.

The first dividend to be paid to all Continuing Shareholders in the Enlarged UKCPT will be paid in October 2010. In the absence of unforeseen circumstances, the Board intends to maintain the dividend payout from the Company, on its enlarged share capital, at the same level, namely 5.25p per Ordinary Share per annum, which will continue to be paid in equal instalments quarterly.

Save as referred to above, the New UKCPT Shares will rank *pari passu* in all respects with the existing Ordinary Shares.

Change of investment policy

In connection with the Scheme, the Company proposes to amend its investment policy to state that (i) the Board intends that borrowings of the Enlarged UKCPT Group at the time of draw down will be limited to 25 per cent. of the Total Assets of the Enlarged UKCPT's group of companies; and (ii) for so long as the Lloyds Facility remains outstanding, it is the Board's current intention that borrowings of the Company will be limited to a maximum of 10 per cent. of the UKCPT Group's net assets at the time of draw down. Otherwise, the investment policy of the Enlarged UKCPT will continue in its present form. Under the Listing Rules, the proposed change requires the prior

approval of Shareholders. This change is therefore subject to the passing of Resolution 1 at the EGM and the Scheme becoming effective. The proposed new investment policy is set out below.

Proposed investment policy of the Enlarged UKCPT

The Enlarged UKCPT's investment objective will be to provide Shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified portfolio of UK commercial properties.

Investment risks are spread through the Company and its subsidiaries investing in a diversified portfolio of freehold and long leasehold (over 60 years remaining at the time of acquisition) UK commercial properties. The UKCPT Group intends to invest in income producing investments. The UKCPT Group will principally invest in three commercial property sectors: office, retail and industrial. The UKCPT Group has not set any maximum weighting limits in the principal property sectors. No single property shall, however, exceed at the time of acquisition 15 per cent. of the gross assets of the UKCPT Group.

The UKCPT Group is permitted to invest up to 15 per cent. of its Total Assets in indirect property funds including in other listed investment companies. The UKCPT Group is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits, gilts and money market funds.

Gearing, calculated as borrowings as a percentage of the UKCPT Group's gross assets, may not exceed 65 per cent. The Board intends that borrowings of the Enlarged UKCPT Group at the time of draw down will not exceed 25 per cent. of the Total Assets of the Enlarged UKCPT Group. For so long as the Lloyds Facility remains outstanding, it is the Board's current intention that borrowings of the Company will be limited to a maximum of 10 per cent. of the UKCPT Group's net assets at the time of draw down. The Board receives recommendations on gearing levels from the Investment Manager and is responsible for setting the gearing range within which the Investment Manager may operate.

Any material change to the investment policy of the Company may only be made with the prior approval of Shareholders.

The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy and will not, at any time, conduct any trading activity which is significant in the context of the UKCPT Group as a whole.

Continuation votes

Under FCPT's articles of incorporation, the FCPT Board is obliged to propose a continuation vote at the annual general meeting in 2015 and the Articles of the Company include a similar obligation on the Board at the annual general meeting in 2016. Resolution 1 will be proposed at the Extraordinary General Meeting *inter alia* to amend the Articles to require the continuation vote to be proposed at the annual general meeting of the Company in 2015. This is the only change proposed to be made to the current Articles.

If Resolution 1 is passed and the Scheme becomes effective, then in the event that the continuation vote is passed at the annual general meeting of the Company in 2015, the Board would give consideration to offering shareholders who voted against that resolution the opportunity to realise their investment in the Company within a reasonable time period after the date of the annual general meeting to be held in 2015, subject to any additional shareholder approvals required at the time to implement such an exit. Continuing Shareholders should note that the decision on whether to introduce this exit mechanism is entirely at the discretion of the Board.

The Board also intends that the existing discount control policy, including continuation votes if a discount persists, which is identical to the existing FCPT policy, will be maintained in its current form.

Costs and expenses of the Scheme

It is estimated that the costs and expenses of the Scheme incurred by the Company and FCPT will, in aggregate, be approximately £4.6 million, which is approximately 0.30 per cent. of the net assets of the Enlarged UKCPT (on the assumption that none of FCPT's Independent Shareholders elect for the Cash Option). These costs and expenses will be borne equally by all Continuing Shareholders.

In the event that the Scheme does not become effective, it is estimated that the costs incurred by the Company and FCPT will, in aggregate, be approximately £1.9 million. The Company and FCPT have agreed to bear these costs in proportion to their respective net assets as at 31 March 2010, being as to 59 per cent. and 41 per cent. respectively. Accordingly, it is estimated that if the Scheme does not become effective, costs of approximately £1.1 million would be payable by the Company. These abort costs would amount to approximately 0.12 per cent. of the net asset value of a UKCPT Share as at 31 March 2010.

Directors and Proposed Directors

It is intended that John Stephen, Peter Niven and Nicholas Tostevin from the FCPT Board will join the Board and that Keith Dorrian will resign from the Board on or immediately prior to the Effective Date. It is intended that John

Stephen will be appointed as Chairman of the Board of the Enlarged UKCPT and that Christopher Hill will be appointed as Deputy Chairman.

It is therefore expected that, following the Effective Date, the board of the Enlarged UKCPT will comprise seven Directors, being John Stephen, Christopher Hill, Christopher Fish, Peter Niven, John Robertson, Nicholas Tostevin and Andrew Wilson. Background information on John Stephen, Peter Niven and Nicholas Tostevin is set out below. Background information in relation to each of the Directors is set out on pages 34 and 35 of Part 2 of the Prospectus.

John Stephen (Proposed Chairman) (aged 60). John Stephen is a UK resident. He is a chartered surveyor with over 35 years of property experience with Jones Lang LaSalle where he was Chairman for England until he retired from the firm in October 2009. He is currently a director of Max Property Group plc, a strategic adviser to Evans Property Group, a trustee of the Portman Estate and an adviser to Lloyds Banking Group's Corporate Real Estate unit. He is a charity trustee, a school governor and a property adviser to the Duchy of Cornwall.

Peter Niven (aged 56). Peter Niven is a resident of Guernsey. He has over 34 years' property experience industry both in the UK and offshore. He was a senior executive in the Lloyds TSB Group until his retirement in 2004 and, since then, has been the Chief Executive of Guernsey Finance LBG, promoting the island as a financial services destination. He also serves on the boards of a number of London-listed investment funds in addition to being an independent non-executive director of Resolution Limited, which is the parent company of Friends Provident (the largest shareholder of FCPT). Mr Niven is a Fellow of the Chartered Institute of Bankers and a Chartered Director.

Nicholas Tostevin (aged 57). Nicholas Tostevin is a resident of Guernsey. He is an Advocate of the Royal Court of Guernsey and was, until 31 May 2009, the senior partner of Babbé when he ceased to practise as such. He gave legal advice on commercial property transactions in Guernsey for over 25 years. He was a member of the Guernsey legislature, the States of Deliberation, from 1991 to 1997 and was a member of the Guernsey Income Tax Authority for six years. He is a non-executive director of a number of captive insurance companies and Guernsey-based investment companies, including Gottex Market Neutral Trust Limited, a London-listed fund of hedge funds.

Relationship with Phoenix Group Companies and Friends Provident

As at the date of this document, Friends Provident owns and is entitled to exercise votes attached to, in aggregate, 33.55 per cent. of the issued FCPT Shares and 1.32 per cent. of the issued UKCPT Shares with voting rights. Friends Provident has undertaken not to elect for the Cash Option under the Scheme. Phoenix also owns 16.15 per cent. of the issued FCPT Shares and has undertaken not to elect for the Cash Option under the Scheme.

As at the date of this document, Phoenix and PALAL (both Phoenix Group Companies) own 66.21 per cent. of the issued UKCPT Shares with voting rights. Phoenix has also entered into a subscription agreement with the Company dated 8 June 2010 pursuant to which it will subscribe for up to £130 million in New UKCPT Shares to fund partially elections for the Cash Option under the Scheme, with a minimum commitment of £88 million, if required, in UKCPT Shares.

In addition to the above shareholding relationship between Phoenix Group Companies and the Company, Ignis, the investment manager of the Company, is a Phoenix Group Company.

As Phoenix and PALAL (both Phoenix Group Companies) hold a controlling interest in the Company, and to ensure that such control is not abused, they have entered into a relationship agreement with the Company which provides that Phoenix, PALAL and their Associates will not take any action which would be detrimental to the general body of shareholders or that would prevent the Enlarged UKCPT's board of directors or the Enlarged UKCPT's investment manager acting independently of the Phoenix Group Companies.

Phoenix and PALAL, who will be the largest shareholders in the Enlarged UKCPT, recognise that any potential future growth of the Enlarged UKCPT may result in a dilution of their percentage shareholding. The Phoenix Group's investment, through its subsidiaries, in the Enlarged UKCPT will remain a core part of the property exposure for its various life company subsidiaries.

Related party approval

Phoenix owns 109,931,698 FCPT Shares being approximately 16.15 per cent. of the issued FCPT Shares. Phoenix is therefore a substantial shareholder and a related party of FCPT under Chapter 11 of the Listing Rules.

As subsidiaries of Phoenix Group hold more than 10 per cent. of the voting rights in the Company, Phoenix Group is a related party of the Company for the purposes of the Listing Rules. Accordingly, each of the participation of the Company in the Scheme (including, in particular, the Acquisition) and the Phoenix Subscription is a related party transaction (as defined in the Listing Rules) between the Company and Phoenix Group.

The Listing Rules provide that a related party transaction entered into by a listed company and a related party must be approved by its shareholders other than that related party.

Friends Provident is a substantial shareholder in FCPT and will become a substantial shareholder in the Enlarged UKCPT if the Scheme becomes effective. Friends Provident holds 1.32 per cent. of the issued UKCPT Shares with voting rights. Friends Provident is not a related party of the Company and the Proposals do not involve Friends Provident entering into a related party transaction for the purposes of the Listing Rules. Nonetheless, Friends Provident has undertaken to the Board that it will abstain from voting on Resolution 2 approving, *inter alia*, the Related Party Transaction at the EGM in order to ensure that the approval of a majority of Independent Shareholders voting on Resolution 2 at the EGM is required to pass this resolution.

The Proposals will, therefore, be subject (among other conditions) to the passing of Resolution 2 as a separate ordinary resolution by Independent Shareholders of the Company. Phoenix, PALAL and Friends Provident will not vote on Resolution 2 at the Extraordinary General Meeting to approve, *inter alia*, the Related Party Transaction and they have each undertaken to the Company to take all reasonable steps to ensure that their Associates do not vote on this resolution. Resolution 2 requires the approval of more than 50 per cent. of the votes cast in respect of it by Independent Shareholders of the Company. This resolution is a separate resolution from the special resolution to be proposed to approve the amendment to the Company's investment policy and Articles, where approval of at least 75 per cent. of Shareholders, including Friends Provident, Phoenix and PALAL, who vote in person or by proxy at the EGM is required.

The Scheme will also be conditional upon the approval by a simple majority vote of Independent Shareholders of FCPT at the FCPT EGM.

Shareholders should note that, if the Scheme becomes effective, it is estimated that Phoenix and PALAL (both Phoenix Group Companies) would hold 45.71 per cent. of the Enlarged UKCPT's issued shares with voting rights if no elections are made for the Cash Option and 55.21 per cent. if the Cash Option is fully taken up and Phoenix subscribes for its maximum commitment of £130 million of New UKCPT Shares under the Phoenix Subscription Agreement. On the same basis, the FP Group would hold 14.76 per cent. and 15.01 per cent. respectively of the Enlarged UKCPT.

Conditions to the Scheme becoming effective

To become effective, the Scheme requires, amongst other things, the following events to occur:

- valid elections for the Cash Option not being made in respect of more than 170 million FCPT Shares (being approximately 50 per cent. of the FCPT Shares held by FCPT's Independent Shareholders);
- a special resolution of the Company to be passed (requiring the approval of at least 75 per cent. of the votes cast in respect of it by Shareholders at the Extraordinary General Meeting) approving changes to the Company's investment policy and the amendment of the Articles to facilitate the Proposals;
- an ordinary resolution of the Company to be passed (requiring a simple majority of the votes cast by the Company's Independent Shareholders in respect of it at the Extraordinary General Meeting) approving the Related Party Transaction (which includes the Acquisition) (as described in the section entitled 'Related party approval' above) and the issue of New UKCPT Shares to Phoenix to fund partially elections for the Cash Option at a price which may potentially be at a discount of more than 10 per cent. to the middle market price of the Ordinary Shares at the time the placing was agreed and at a discount to the net asset value per Ordinary Share;
- an ordinary resolution of FCPT to be passed (requiring a simple majority of the votes cast by FCPT's Independent Shareholders in respect of it at the FCPT EGM) approving the related party features of the Scheme, sanctioning the Scheme and giving certain directions to the Liquidator (when appointed); and
- special resolutions of FCPT to be passed (requiring the approval of at least 75 per cent. of the votes cast in respect of them by FCPT Shareholders at the FCPT EGM) approving amendments to its articles of incorporation and the reclassification of the FCPT Shares to facilitate the Scheme, the winding up of FCPT and the appointment of a Liquidator.

Implementation of the Scheme will also require fulfilment of the other conditions of the Scheme set out in Part 2 of this document.

Information on FCPT, the Company and the Combined Portfolio

FCPT

FCPT is an authorised closed-ended investment company whose investment objective is to provide FCPT Shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

The FCPT Property Portfolio currently comprises 32 properties with an aggregate Market Value of approximately £800 million. The FCPT Property Portfolio generates a current net annual rent of approximately £51 million (being a running income return of 6.4 per cent. on its Market Value).

The Company

The UKCPT Property Portfolio comprises 39 properties with an aggregate Market Value of approximately £880 million. The UKCPT Property Portfolio generates a current net annual rent of approximately £62 million (being a running income return of 7.0 per cent. on its Market Value).

Combined Portfolio

In the event that the Scheme becomes effective, the Enlarged UKCPT will hold the Combined Portfolio comprising 71 properties with an aggregate Market Value of approximately £1.7 billion. The Combined Portfolio would generate a current net annual rent of approximately £113 million (being a running income return of 6.7 per cent. on its Market Value).

Further details of the FCPT Property Portfolio, UKCPT Property Portfolio and the Combined Portfolio are set out in Part 4 and Part 5 of the Prospectus.

Shareholder support

The Company and FCPT have received irrevocable undertakings from Friends Provident, Phoenix and PALAL to vote in favour of the resolutions (other than any resolutions only to be voted on by Independent Shareholders) to be proposed at the Extraordinary General Meeting and the FCPT EGM respectively, in respect of a total of 808,515,311 Ordinary Shares, representing approximately 67.53 per cent. of the Ordinary Shares with voting rights and a total of 338,242,838 FCPT Shares, representing approximately 49.70 per cent. of the FCPT Shares. Friends Provident and Phoenix have also irrevocably undertaken to receive New UKCPT Shares under the Scheme in respect of their investment in FCPT and not to elect for the Cash Option.

The UKCPT Board and the FCPT Board and their advisers have consulted with a number of Independent Shareholders to ascertain their views on the outline proposals. The UKCPT Board and the FCPT Board have also consulted with investors representing a significant majority of the Independent Shareholders (i.e. Shareholders other than the Phoenix Group Companies and Friends Provident) on the detailed terms of the recommended proposals announced on 9 June 2010. Following these discussions, each of the UKCPT Board and the FCPT Board and their respective advisers are confident that the Proposals will be supported by a majority of Independent Shareholders at the UKCPT EGM and the FCPT EGM.

Extraordinary General Meeting

The Proposals are conditional, *inter alia*, on the approval of Shareholders. You will find set out at the end of this document a notice convening an Extraordinary General Meeting of the Company to be held at 9.00 a.m. on 9 August 2010 at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL at which two resolutions will be proposed.

Resolution 1

Changes to investment policy and amendment to the Articles of Association

A resolution will be proposed to:

- (i) amend the Company's investment policy; and
- (ii) amend the Articles to require a continuation vote to be proposed by the Company at its annual general meeting in 2015.

This resolution will be proposed as a special resolution requiring the approval of at least 75 per cent. of the votes cast in respect of it. All Shareholders will be entitled to vote on this resolution. This resolution is subject to and conditional upon Resolution 2 being passed.

Resolution 2

Related Party Transaction, Class 1 transaction and issue of New UKCPT Shares

As explained in the section entitled 'Related party approval' on pages 18 and 19 of this Part 1, elements of the Proposals (including the Acquisition) constitute a Related Party Transaction between the Company and Phoenix Group for the purposes of Chapter 11 of the Listing Rules. The Listing Rules provide that a related party transaction entered into by a listed company and a related party must be approved by its shareholders other than the related party. The Acquisition is also a class 1 transaction for the purposes of the Listing Rules, which also gives rise to a requirement for shareholder approval to be obtained. An ordinary resolution will therefore be proposed to approve the Related Party Transaction and the Acquisition. This resolution will also seek shareholder authority for the Board to issue New UKCPT Shares pursuant to the Phoenix Subscription at a price which may potentially be at a discount of more than 10 per cent. to the middle market price of the Ordinary Shares at the time the placing was agreed and at a discount to the net asset value per Ordinary Share (as described in the section entitled 'Approval of the issue price of shares to be subscribed for by Phoenix' on pages 15 and 16 of this Part 1). This resolution will require the approval of a simple majority of the votes cast in respect of it. The Phoenix

Group Companies will not be entitled to vote on this resolution and Friends Provident has agreed not to vote on this resolution.

Action to be taken by Shareholders

You will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it to Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St. Helier, Jersey JE4 9XY so as to be received as soon as possible and, in any event, not later than 9.00 a.m. on 5 August 2010. The completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting. If you have appointed a proxy and attend the meeting in person your proxy appointment will remain valid and you may not vote at the meeting in person unless you have provided a hard copy notice to revoke the proxy to Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St. Helier, Jersey JE4 9XY no less than 48 hours (excluding any part of a day that is not a Working Day) prior to the commencement of the meeting as set out above.

Recommendation and independent advice

The Board, who have been so advised by Execution Noble, considers that the participation of the Company in the Scheme, the Phoenix Subscription and the Acquisition is fair and reasonable so far as Shareholders are concerned. In providing its advice, Execution Noble has taken into account the Board's commercial assessments.

The Board considers that the Resolutions are in the best interests of Shareholders taken as a whole and accordingly recommends that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. The Directors (other than John Robertson who will abstain from voting in relation to Resolution 2) intend to vote in favour of the Resolutions, in respect of their own beneficial holdings amounting in aggregate to 60,000 Ordinary Shares (representing 0.01 per cent. of the Company's issued share capital). John Robertson, who is an employee of Ignis Investment Services Limited (a subsidiary of Phoenix Group, which is a party to the Related Party Transaction), has not taken part in the Board's consideration of the terms of the Proposals.

Phoenix and PALAL (both Phoenix Group Companies), which hold in aggregate approximately 66.21 per cent. of the issued Ordinary Shares (excluding Ordinary Shares held by the Company in treasury), will not vote on Resolution 2 to be proposed at the Extraordinary General Meeting and have undertaken to take all reasonable steps to ensure that their associates will not vote on such Resolution at the Extraordinary General Meeting. John Robertson, a Director of the Company is an employee of Ignis Investment Services Limited (a subsidiary of Phoenix Group, which is a party to the Related Party Transaction), and therefore has a material interest in Resolution 2. He has therefore also agreed to abstain from voting on Resolution 2 at the Extraordinary General Meeting in respect of the Ordinary Shares held by him.

Yours faithfully

Christopher Hill
Chairman

Part 2

Conditions to and implementation of the Scheme

1. Conditions

1.1 To become effective, the Scheme requires, amongst other things, the following events to occur:

- valid elections for the Cash Option not being made in respect of more than 170 million FCPT Shares (being approximately 50 per cent. of the FCPT Shares held by FCPT's Independent Shareholders);
- a special resolution of the Company to be passed (requiring the approval of at least 75 per cent. of the votes cast in respect of it by Shareholders at the Extraordinary General Meeting) approving changes to the Company's investment policy and an amendment to the Articles to facilitate the Proposals;
- an ordinary resolution of the Company to be passed (requiring a simple majority of the votes cast by the Company's Independent Shareholders in respect of it at the Extraordinary General Meeting) approving the Related Party Transaction (including the Acquisition) and the issue of New UKCPT Shares to Phoenix to fund partially elections for the Cash Option at a price which may potentially be at a discount of more than 10 per cent. to the middle market price of the Ordinary Shares at the time the placing was agreed and at a discount to the net asset value per Ordinary Share;
- an ordinary resolution of FCPT to be passed (requiring a simple majority of the votes cast by FCPT's Independent Shareholders in respect of it at the FCPT EGM) approving the related party features of the Scheme, sanctioning the Scheme and giving certain directions to the Liquidator (when appointed);
- special resolutions of FCPT to be passed (requiring the approval of at least 75 per cent. of the votes cast in respect of them at the FCPT EGM) approving amendments to its articles of incorporation and the reclassification of the FCPT Shares to facilitate the Scheme, the winding up of FCPT and the appointment of a Liquidator;
- FCPT, the Company and the Liquidator entering into the Transfer Agreement setting out the terms upon which FCPT (acting through the Liquidator) transfers its business and assets to the Company in return for the issue of New UKCPT Shares and the payment of cash by the Company to fund the Cash Option plus an amount estimated by the Liquidator to be sufficient to meet the actual and contingent liabilities of FCPT;
- the UKLA and the London Stock Exchange agreeing to the admission of the New UKCPT Shares to the Official List and to trading on the main market for listed securities of the London Stock Exchange respectively, subject only to allotment; and
- the FCPT Directors and the Directors not resolving to abandon the Scheme.

1.2 Subject to the requirements of the Listing Rules, any of the conditions referred to above may be waived by the Company and FCPT jointly (or, where appropriate, by the party for whose benefit the relevant condition exists), in whole or in part, on or before 28 October 2010. The Scheme will only become effective if all of the conditions referred to above are satisfied or waived (as the case may be) on or before 28 October 2010.

2. Tax clearance

The FCPT Board has been advised that the Scheme should be treated as a scheme of reconstruction for the purposes of UK taxation of capital gains. Clearance has been granted by HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 that such treatment under section 136 of that Act will not be prevented from applying to the Scheme by virtue of section 137 of that Act. HMRC has also advised that no notice under section 698 of the Income Tax Act 2007 or section 746 of the Corporation Tax Act 2010 (cancellation of tax advantages from certain transactions in securities) ought to be given in respect of the Scheme.

3. Overseas FCPT Shareholders

The availability of the Scheme to FCPT Shareholders who are not resident in the United Kingdom, the Channel Islands and the Isle of Man may be affected by the laws of their relevant jurisdiction (the "Overseas FCPT Shareholders"). Overseas FCPT Shareholders shall be deemed to have elected to receive New UKCPT Shares under the Scheme. The New UKCPT Shares to which such Overseas FCPT Shareholders would become entitled pursuant to the Scheme shall be allotted and issued to the Liquidator (or their nominee) on terms that they shall be sold on behalf of such shareholder as soon as reasonably practicable with such shareholder entitled to receive the net cash proceeds of sale, in pounds sterling, at the risk of such shareholder.

Part 3

Additional information

1. Responsibility

The Directors, whose names appear in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

The Company is a closed-ended investment company and was incorporated with the limited liability in Guernsey under The Companies (Guernsey) Law, 1994 with registered number 45387 on 24 August 2006. The Company operates under the Law and regulations made under the Law and its registered office is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL (Telephone number: 01481 745001). The Company has received authorisation as an authorised closed-ended investment scheme from Guernsey Financial Services Commission under section 8 of The Protection of Investors Bailiwick of Guernsey Law, 1987 (as amended) and the Authorised Closed-ended Investment Schemes Rules 2008 made thereunder. The Company is regulated by the Guernsey Financial Services Commission. As the Ordinary Shares are admitted to the Official List, the Company is required to comply with the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules.

3. Directors

The Directors as at the date of this document and their functions are as follows:

Christopher Hill (Chairman, Non-executive director)

Keith Dorrian (Non-executive director)

Christopher Fish (Non-executive director)

John Robertson (Non-executive director)

Andrew Wilson (Non-executive director)

4. Share capital

The share capital of the Company comprises an unlimited number of shares of 25p each. The issued share capital of the Company including shares held in treasury (all of which will be fully paid-up) as at the date of this document and the issued share capital of the Enlarged UKCPT immediately following implementation of the Issue and Admission (on the assumption that 830,255,143 New UKCPT Shares are issued pursuant to the Proposals) will be as follows:

	<i>Issued and fully paid</i>	
	<i>Number of</i>	
	<i>Ordinary</i>	
	<i>Shares⁽¹⁾</i>	<i>Nominal</i>
<i>As at the date of this document</i>		
Ordinary Shares	1,238,794,000	£309,698,500
<i>Immediately following the Issue and Admission</i>		
Ordinary Shares	2,069,049,143	£517,262,286

Note:

(1) 41,445,142 Ordinary Shares in issue are held by the Company in treasury.

5. Major shareholders

As at 8 July 2010, the total voting rights attributable to the Ordinary Shares were 1,197,348,858 and, on the basis of the assumptions set out below will, following the Issue and Admission be 2,027,604,001, and the notifiable holdings of voting rights in respect of the Ordinary Shares, so far as known by the Company by reference to the notifications made pursuant to Chapter 5 of the Disclosure and Transparency Rules, were as follows:

	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of current issued Ordinary Shares</i>	<i>Number of New UKCPT Shares to be acquired under the Proposals</i>	<i>Percentage of issued Ordinary Shares following the Issue and Admission</i>
Phoenix Life Limited	463,907,841	38.7%	134,116,671	29.5%
Phoenix & London Assurance Limited	328,857,470	27.5%	nil	16.2%
Investec Asset Management	60,959,792	5.1%	nil	3.0%
State Street Nominees	48,078,000	4.0%	nil	2.4%
Nortrust Nominees	40,071,000	3.3%	nil	2.0%
Friends Provident Life and Pensions Limited	10,395,000	0.87%	213,619,642	11.1%
Friends Provident Life Assurance Limited	5,355,000	0.45%	64,919,947	3.5%

Notes:

- (1) The percentages shown above are calculated after excluding the 41,445,142 Ordinary Shares held by the Company in treasury.
- (2) In compiling the above table of interests it has been assumed that each of the FCPT Shareholders (including Phoenix and Friends Provident) elects to roll-over their entire holding of FCPT Shares into New UKCPT Shares pursuant to the Scheme and are issued 1.22 New UKCPT Shares for each FCPT Share held by them. In these circumstances, 830,255,143 New UKCPT Shares would be issued pursuant to the Scheme. We have assumed, for the purpose of the above table of interests, that PALAL, Investec Asset Management, State Street Nominees and Nortrust Nominees do not hold any FCPT Shares.

6. Significant changes

- 6.1 Since 31 December 2009 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial or trading position of UKCPT Group.
- 6.2 Since 31 December 2009 (being the end of the last financial period of FCPT for which financial information has been published), there has been no significant change in the financial or trading position of the FCPT Group.

7. Management, employees and continuation of business

- 7.1 The Company has no employees and its investment manager is Ignis. If the Proposals are implemented, the Board currently intends to continue the appointment of Ignis as investment manager of the Enlarged UKCPT.
- 7.2 The Directors intend to conduct the business of the Company as an investment company in accordance with its investment policy from time to time and there are no plans to redeploy its fixed assets or to introduce any substantial changes in its business or management.

8. Material contracts

8.1 UKCPT Group

The following contracts (not being contracts entered into in the ordinary course of business), have been entered into by members of the UKCPT Group: (i) within the two years immediately preceding the publication of this document and are, or may be, material to the UKCPT Group; or (ii) which contain provisions under which any member of the UKCPT Group has any obligation or entitlement which is, or may be, material to the UKCPT Group as at the date of this document.

- 8.1.1 The Investment Management Agreement pursuant to which the Investment Manager is appointed to act as investment manager of the UKCPT Group, to manage the assets of the UKCPT Group in accordance with the investment policy of the Company and to implement the borrowing policy from time to time approved by the Directors. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Directors and certain transactional limits as set by the Board from time to time, the Investment Manager has discretion to buy, sell, retain, exchange or otherwise deal in property assets for the account of the UKCPT Group. Under the terms of the Investment Management Agreement, the Investment Manager has also agreed to provide certain administrative services to the UKCPT Group. The Investment Manager shall be entitled to receive an annual fee from the Company at the rate of 0.75 per cent. of the Total Assets less the amount of the Group's borrowings, an annual fee from the Company of 50 per cent. of the value of the assets of the UKCPT Group represented by borrowings (subject to the amendments referred to in paragraph 8.1.2 of this

Part 3) plus an administration fee of £107,670 per annum currently (increased annually in line with inflation), payable quarterly in arrears. The fees of any property managers or managing agents appointed by the Investment Manager will be payable by the Investment Manager out of this fee. The Investment Manager rebates any commissions in respect of insurance put in place by it on behalf of the UKCPT Group. The Investment Manager is entitled to delegate any of its duties under the Investment Management Agreement to its associates. Under the terms of the Investment Management Agreement, the Investment Manager has agreed to act in good faith and with the reasonable skill and diligence expected of a competent and prudent property investment manager and to act in the best interests of the UKCPT Group. The Investment Management Agreement contains an unlimited indemnity in favour of the Investment Manager against claims by third parties except to the extent that the claim is due to a breach by the Investment Manager of the Investment Management Agreement or to the negligence, wilful default or fraud of the Investment Manager or any party to whom the Investment Manager has delegated any of its functions. The Investment Management Agreement may be terminated by any party giving to the others not less than 12 months' notice or otherwise forthwith in circumstances, *inter alia*, where one of the parties has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding up of one of the parties or if the Investment Manager is the subject of a change of control.

- 8.1.2 The Supplemental Investment Management Agreement dated 12 July 2010 amending the terms of the Investment Management Agreement subject to and with effect from implementation of the Scheme. Under the terms of the Supplemental Investment Management Agreement, the parties have agreed to exclude the management of the assets of the FCPT Secured Group from the terms of the Investment Management Agreement (and the assets of the FCPT Secured Group will be managed pursuant to the agreement referred to in paragraph 8.2.2 of this Part 3). The Investment Manager has also agreed to reduce its annual basic management fee from the Company to 0.60 per cent. per annum on the Total Assets less Borrowings of the Enlarged UKCPT plus 0.50 per cent. per annum on the Borrowings of the Enlarged UKCPT less a reduction in the basic fees on Total Assets to 0.25 per cent. per annum on any cash held by the Enlarged UKCPT in excess of 5 per cent. of its gross assets.
- 8.1.3 A placing letter from the Company to the Investment Manager dated 19 January 2010 and a side letter to the Investment Management Agreement between the Company and the Investment Manager dated 20 January 2010 pursuant to which the Company agreed to pay the Investment Manager: (i) a commission of 0.85 per cent. of the gross proceeds of the subscription by PALAL for Ordinary Shares pursuant to the 2010 Placing and Offer; and (ii) an additional fee of £250,000 on completion of the 2010 Placing and Offer in recognition of the additional services provided by the Investment Manager in relation thereto. These fees were paid by the Company to the Investment Manager on 24 February 2010 and 16 March 2010 respectively.
- 8.1.4 A side letter to the Investment Management Agreement between the Company and the Investment Manager dated 1 October 2009 pursuant to which the Company agreed to pay the Investment Manager an additional fee of £250,000 on completion of the acquisition of a portfolio of UK commercial properties by the Company in recognition of the significant additional time spent and resource dedicated by the Investment Manager in relation to this acquisition. This fee was paid by the Company to the Investment Manager on 7 December 2009.
- 8.1.5 By a relationship agreement dated 12 July 2010, Phoenix and PALAL have each irrevocably undertaken to the Company that, at any time or times when Phoenix and PALAL, together with their Associates, are entitled to exercise, or to control the exercise of, 30 per cent. or more of the rights to vote at general meetings of the Company, they will not, and will exercise such rights as they may have to procure that none of their Associates will:
- (a) seek to nominate directors to the Board who are not independent of Phoenix Group or its Associates, save that they shall be permitted to nominate one director to the Board (and replace such nominee) that is not independent of Phoenix Group or its Associates;
 - (b) take, in their capacity as beneficial holders of any Ordinary Shares, any action which would be detrimental to the general body of Shareholders and, for this purpose, any action which has the support or recommendation of a majority of the directors of the Company or the voting by Phoenix Group or its Associates at any general meeting convened by the Board shall be deemed not to be detrimental;
 - (c) take any action which may result in the Investment Manager or any Associate which acts as the investment manager of the Company not being able to carry out its duties under the Investment Management Agreement independently of Phoenix Group or its Associates at all times;
 - (d) take any action which may result in the directors of the Company from time to time not being able to fulfil their duties as directors of the Company independently of Phoenix Group at all

times or the Company not being able to carry on its business independently of Phoenix Group or its Associates at all times; or

- (e) permit Phoenix Group or its Associates to enter into any transaction or relationship with the UKCPT Group other than at arm's length and on a normal commercial basis.

8.1.6 On 8 June 2010, Friends Provident, Phoenix and PALAL gave FCPT and the Company irrevocable undertakings to vote in favour of any shareholder meeting resolutions, other than resolutions to be approved by Independent Shareholders, that are proposed by FCPT to approve and implement the Scheme and by the Company to implement the Scheme and any matters ancillary to the Scheme so far as they relate to the Company (including any approval required in respect of the Phoenix Subscription). Friends Provident and Phoenix have also irrevocably undertaken to receive New UKCPT Shares under the Scheme in respect of their investment in FCPT and not to elect for the Cash Option (PALAL does not hold any FCPT Shares). The undertakings given by Friends Provident are in respect of 228,311,140 FCPT Shares, representing approximately 33.55 per cent. of the issued FCPT Shares, and a total of 15,750,000 UKCPT Shares, representing approximately 1.32 per cent. of the issued UKCPT Shares with voting rights. The undertakings given by Phoenix and PALAL are in respect of 109,931,698 FCPT Shares, representing approximately 16.15 per cent. of the issued FCPT Shares, and a total of 792,765,311 UKCPT Shares, representing approximately 66.21 per cent. of the issued UKCPT Shares with voting rights. These undertakings will cease to apply if the Scheme has not become effective by 28 October 2010 (or such later time as may be agreed by Friends Provident, Phoenix and PALAL).

8.1.7 By a facility agreement dated 19 June 2008 made between, among others, Lloyds (in various capacities) (1) and the Company (2), Lloyds (in various capacities) has agreed to make available a revolving loan facility of up to £80 million. Interest is payable by the Company at a rate equal to the aggregate of LIBOR, mandatory costs of Lloyds and a margin. The applicable margin depends on the percentage of all loans made available to the Company (under the Lloyds Facility or any parallel loans provided to a member of the UKCPT Group which ranks *pari passu* with the Lloyds' Facility) to the "Gross Assets Value", expressed as a percentage (the "LTV Percentage"). "Gross Assets Value" takes into account the value of the properties and any other assets held by the Company and the Guarantors (currently UK Commercial Property Holdings Limited, UK Commercial Property Nominee Limited, UK Commercial Property Limited, UK Commercial Property GP Limited and UKCPT Limited Partnership) as well as unsecured cash. If the LTV percentage is 5 per cent. or less, the margin is 0.50 per cent. per annum. If the LTV Percentage is greater than 5 per cent. and does not exceed 10 per cent., the margin is 0.55 per cent. per annum. If the LTV Percentage is greater than 10 per cent. and does not exceed 40 per cent., the margin is 0.60 per cent. per annum. If the LTV Percentage is greater than 40 per cent. and does not exceed 50 per cent., the margin is 0.70 per cent. per annum.

A non-utilisation fee of 0.20 per cent. per annum is payable on any undrawn amounts under the Lloyds Facility. Amounts can be drawn down under the Lloyds Facility at any time until, and the Lloyds Facility is repayable on, any date the Company chooses up to 19 June 2015. The Company may, if it gives Lloyds not less than 10 business days' prior notice, prepay the whole or any part of the Lloyds Facility (but any prepayment in part must be of an amount that reduces the Lloyds Facility by a minimum amount of £1 million).

The Lloyds Facility Agreement contains financial covenants which require the Company to comply with financial tests to ensure that: (i) the LTV Percentage does not exceed 50 per cent.; and (ii) the adjusted net rental income is not less than 175 per cent. of the amount of interest payable under the Lloyds Facility Agreement over the period the adjusted net rental income is calculated.

The Lloyds Facility Agreement also contains certain other covenants which, amongst other things, cover restrictions on: (i) the creation of security (with permitted exceptions); (ii) other financial indebtedness (with permitted exceptions); (iii) the disposal of assets (with permitted exceptions); (iv) mergers; and (v) change of business. It also contains customary events of default upon the occurrence of which Lloyds may terminate and demand repayment of all amounts outstanding under the Lloyds Facility Agreement. No consents are required from Lloyds under the Lloyds Facility Agreement to implement the Proposals.

The Lloyds Facility is secured by floating charges over the assets of certain members of the UKCPT Group. Under the Lloyds Facility Agreement, the Company is permitted to purchase its own shares without requiring Lloyds's consent provided that it can demonstrate that after such redemption the LTV Percentage will continue to be below 50 per cent.

8.1.8 The Company and FCPT entered into the Implementation Agreement on 8 June 2010 setting out the undertakings given by the Company and FCPT to each other committing to carry out certain steps for the purpose of implementing the FCPT Scheme, including provisions to implement the Scheme on a timely basis and governing the conduct of the business of each of the Company and

FCPT in the period prior to the Effective Date. The Implementation Agreement also provides for the sharing of abortive costs of the transaction in proportion to the Company's and FCPT's respective net assets as at 31 March 2010.

The Implementation Agreement terminates in certain circumstances, including:

- (i) immediately, if agreed in writing by the parties;
- (ii) immediately, if the Effective Date has not occurred by 28 October 2010;
- (iii) immediately, on the earliest to occur of the date (if any) on which the Scheme is withdrawn or lapses and the Effective Date; and
- (iv) immediately, if the resolutions at the EGM and the FCPT EGM are not passed by the requisite majority of Shareholders and FCPT Shareholders respectively.

8.1.9 Phoenix and the Company entered into the Phoenix Subscription Agreement on 8 June 2010, pursuant to which Phoenix has agreed, conditional on the Scheme becoming effective, to subscribe for up to £130 million in New UKCPT Shares to fund partially the Cash Option, with a minimum commitment of £88 million, if required, in New UKCPT Shares. Such New UKCPT Shares will be issued at a price equivalent to the discount or premium to the UKCPT FAV as at 30 June 2010 that 91p per share is to the FCPT FAV as at 30 June 2010 as calculated for the purposes of the Scheme. Under the Phoenix Subscription Agreement: (i) the first £50 million of cash required by the Company to satisfy elections under the Cash Option will be funded as to 50 per cent. by the subscription for New UKCPT Shares by Phoenix (with the balance satisfied by the Company using its existing cash resources and cash reserves); (ii) if the amount of cash required by the Company to satisfy elections for the Cash Option is more than £50 million, Phoenix has the option as to whether it subscribes for further New UKCPT Shares to fund elections in respect of up to the next £42 million of funds required (or whether the Company should use its existing cash resources and cash reserves to do so); and (iii) any cash required by the Company to satisfy elections for the Cash Option in excess of £92 million will be funded by the subscription for further New Ordinary Shares by Phoenix, provided that the aggregate amount to be subscribed by Phoenix for New UKCPT Shares would not exceed £130 million. No underwriting commission will be payable by the Company to Phoenix in respect of its subscription commitment.

8.1.10 By a letter of undertaking dated 12 July 2010 from the Company to FCPT and the Liquidator, the Company has irrevocably undertaken, in connection with the Scheme, to enter into a Transfer Agreement between the Company, the Liquidator (in their personal capacity and on behalf of FCPT) and FCPT as soon as is practicable on the Effective Date, pursuant to which the undertaking and assets of FCPT will be transferred to the Company in consideration for the issue of New UKCPT Shares to FCPT Shareholders who elect to roll-over their investment into New UKCPT Shares and the payment of cash by the Company to fund the Cash Option plus an amount estimated by the Liquidator to be sufficient to meet the actual and contingent liabilities of FCPT. Under the Transfer Agreement, each of the parties will undertake to use its or his respective reasonable endeavours to implement the Scheme, provided that the conditions to the Transfer Agreement have been satisfied. Under the terms of the Transfer Agreement the Company will agree to indemnify and hold harmless each of FCPT and the Liquidator, in terms customarily given in an agreement of this nature, against any and all liabilities of FCPT, to the extent that the amount estimated by the Liquidator to be sufficient to meet the liabilities of FCPT (the "Liabilities Amount") (which is to be paid by the Company as part of the cash consideration payable to FCPT pursuant to the Scheme) is insufficient to meet the liabilities of FCPT (including liabilities owed jointly and severally but excluding the entitlements of holders of FCPT Shares who have elected for the Cash Option). However, neither FCPT nor the Liquidator is entitled to the benefit of this indemnity: (i) in respect of liabilities of FCPT which are neither (a) costs and expenses of FCPT relating to the Scheme nor (b) liabilities which were accrued in the calculation of the FCPT FAV prepared in accordance with the Scheme; (ii) in respect of costs and expenses of FCPT relating to the Scheme to the extent that the aggregate amount of such costs and expenses exceeds £1.65 million; or (iii) to the extent that (save where the relevant amount has been repaid to the Company) any of the Liabilities Amount should have been used to meet the actual and contingent liabilities of the Company and has not been so used.

8.2 FCPT Group

The following contracts (not being contracts entered into in the ordinary course of business), have been entered into by members of the FCPT Group: (i) within the two years immediately preceding the date of this document and are, or may be, material to the FCPT Group; or (ii) which contain provisions under which any member of the FCPT Group has any obligation or entitlement which is, or may be, material to the FCPT Group as at the date of this document.

8.2.1 An agreement dated 5 June 2009 between FCPT (1) and F&C (2) under which F&C provides management services to FCPT and any further subsidiaries incorporated outside the FCPT Secured Group and an agreement dated 4 March 2005 (as novated on 16 February 2007 and amended on 5 August 2008 and 5 June 2009) to which FCPT Property Subsidiary (1), FCPT Holdings (2) and F&C (3) are party under which F&C provides management services to the FCPT Secured Group (both agreements together being referred to as the “FCPT Investment Management Agreements”). Pursuant to the FCPT Investment Management Agreements, F&C is appointed to act as investment manager of the FCPT Group, to manage the assets of the FCPT Group in accordance with the investment policy of the FCPT Group or any part of it, as relevant and to implement the borrowing policy from time to time of the FCPT Group or any part of it as relevant. Under the terms of the FCPT Investment Management Agreements, subject to the overall supervision of and directions from the FCPT Directors, F&C has discretion to buy, sell, retain, manage, lease, exchange or otherwise deal in property assets and indirect property related assets of the FCPT Group. Under the terms of the FCPT Investment Management Agreements, F&C has also agreed to provide certain administrative services to the FCPT Group.

Under the FCPT Investment Management Agreements, F&C receives an aggregate base management fee from the FCPT Group, payable quarterly in arrears, in an amount equal to 0.15 per cent. per quarter of the total assets at the valuation date not represented by net current assets and 0.0625 per cent. per quarter of that part of the total assets at the relevant valuation date as is represented by net current assets. F&C is also entitled to a performance fee equal to 20 per cent. of the amount by which the total return (whether positive or negative) on the directly held properties of the FCPT Group exceeds 110 per cent. of the total return (90 per cent. if the total return is negative) on the benchmark and multiplied by the FCPT Group’s average total assets over the relevant performance period (excluding any indirect property funds or listed investment of the FCPT Group). The benchmark for measuring the comparative performance of directly held properties is the total return of the IPD All Quarterly and Monthly Funds Index. The performance fee payable in each financial year is capped at an amount which, when added to the aggregate base management fee payable in respect of the relevant financial year, equals 1.0 per cent. of the average total assets during the relevant financial year. Performance fees in excess of this capped return can be carried forward for up to two subsequent financial years subject to the 1.0 per cent. cap. The performance fee is measured over a rolling three year period and the performance fee payable in respect of any one financial year is equal to the total performance fee earned over that three year period less any performance fees already paid in the previous two years. In the event that the amount already paid in the previous two years is in excess of the amount earned over the rolling three year period, such excess shall be repaid to the FCPT Group by F&C.

F&C is also entitled to an administration fee of £112,000 per annum currently (which increases annually in line with inflation), payable quarterly in arrears. The fees of any managing agents appointed by F&C will be payable by F&C out of its fees.

The FCPT Investment Management Agreements may be terminated by any party giving to the other not less than six months’ notice, or otherwise forthwith in circumstances, *inter alia*, where F&C has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding up of F&C or any holding company or undertaking of F&C is the subject of any change of control which has not been consented to by the Board or if F&C commits a material breach of its obligations under the FCPT Investment Management Agreements. The FCPT Investment Management Agreements may also be terminated by FCPT Group on less than six months’ notice upon payment of compensation to F&C. In the event of the termination of the FCPT Investment Management Agreements for any reason, the Company shall be obliged to use its reasonable endeavours to change its name to a name not including the word “F&C” or any letters or words colourably or confusingly similar thereto.

F&C has agreed to delegate the property management function under the FCPT Investment Management Agreements to F&C REIT Property Asset Management Limited. The FCPT Group consented to the delegation on 3 September 2008 and on 22 June 2010. The delegation is without prejudice to any rights of the FCPT Group against F&C under the FCPT Investment Management Agreements.

On 9 June 2010, the FCPT Group served notice of termination of F&C under the FCPT Investment Management Agreements, with effect from the Effective Date.

8.2.2 An agreement dated 12 July 2010 between FCPT Holdings, the FCPT Property Subsidiary and Ignis under which, subject to and with effect from implementation of the Scheme, Ignis has agreed to provide management services to the FCPT Secured Group. Under this agreement, FCPT Holdings agrees to pay or procure that the FCPT Property Subsidiary pays a *pro rata* share of the fees payable by the Company to Ignis under the Investment Management Agreement (in lieu of such payment by the Company to Ignis thereunder). This agreement is substantially on the same terms

as the agreement pursuant to which management services are currently provided to the FCPT Secured Group (save that a *pro rata* share of the revised management fees set out in the Supplemental Investment Management Agreement shall be payable) and may be terminated, *inter alia*, by notice in writing to Ignis without liability for compensation if the appointment of Ignis pursuant to the Investment Management Agreement is terminated.

- 8.2.3 By a letter dated 4 June 2009, Friends Provident plc has irrevocably undertaken to FCPT that at any time or times when Friends Provident together with its Associates are entitled to exercise, or to control the exercise of, 30 per cent. or more of the rights to vote at general meetings of FCPT, it will not and will exercise such rights as it may have to procure that none of its associates will:
- (i) seek to nominate directors to the board of FCPT who are not independent of Friends Provident plc or its Associates;
 - (ii) take, in Friends Provident plc's or its Associates' capacity as beneficial holders of any Ordinary Shares, any action which would be detrimental to the general body of Shareholders;
 - (iii) take any action which may result in F&C or F&C REIT Property Asset Management Limited or FCPT or any of the Directors of FCPT not being able to carry out its or their duties independently of Friends Provident plc or any of its Associates (provided that this obligation shall cease to be applicable to F&C and/or F&C REIT Property Asset Management Limited to the extent that either ceases to be part of the FP Group); or
 - (iv) permit Friends Provident plc or any of its Associates to enter into any transaction or relationship with FCPT other than at an arm's length and on a normal commercial basis.

For these purposes, any action which has the support or recommendation of a majority of the FCPT Directors, or voting by Friends Provident plc or its Associates at any general meeting convened by the FCPT Directors, shall be deemed not to be detrimental.

- 8.2.4 On 8 June 2010, Phoenix, PALAL, Friends Provident Life and Pensions Limited and Friends Provident Life Assurance Limited gave the Company and FCPT irrevocable undertakings to vote in favour of the Scheme and not to elect for the Cash Option, further details of which are summarised in paragraph 8.1.6 of this Part 3.
- 8.2.5 The Company and FCPT entered into the Implementation Agreement on 8 June 2010, further details of which are set out in paragraph 8.1.8 of this Part 3.
- 8.2.6 By a letter of undertaking dated 12 July 2010 from FCPT to the Company and the Liquidator, FCPT has irrevocably undertaken, in connection with the Scheme, to enter into the Transfer Agreement, further details of which are set out in paragraph 8.1.10 of this Part 3.
- 8.2.7 Pursuant to the terms of a facility agreement dated 18 March 2005 between, *inter alios*, FCPT Holdings (1) and the Bond Issuer (2) (the "Bond Facility Agreement"), the Bond Issuer made available to FCPT Holdings a term loan facility of £230 million. Interest is payable by FCPT at a rate equal to the interest rate payable on the Bonds. The amounts advanced under the Bond Facility Agreement are repayable on 30 June 2017 (but are expected to be repaid in full on 30 June 2015).

If a Loan Event of Default (as defined in the Bond Facility Agreement) was triggered the amounts advanced under the Bond Facility Agreement would be repayable immediately upon demand. The Bond Facility Agreement contains a number of Loan Events of Default and covenants relating to the solvency of the FCPT Secured Group, the nature of the FCPT Property Portfolio, the gearing of the FCPT Secured Group and the interest cover. A Loan Event of Default will be triggered if, *inter alia*: (i) the amount of the loan facility exceeds 40 per cent. of the value of the assets of the FCPT Secured Group (which does not include the SCP Secured Group) secured pursuant to the security granted in accordance with the terms of the Bond Facility Agreement (the "Gross Secured Assets"); (ii) the amount of all borrowings of the FCPT Secured Group exceed 50 per cent. of the value of the Gross Secured Assets; or (iii) if the net rental income of the FCPT Property Portfolio held by the FCPT Secured Group less certain operating costs should fall below 1.5 times the amount of interest payable under the Bond Facility Agreement over the period the net rental income is calculated. A Loan Event of Default under the Bond Facility Agreement will also be triggered if an event of default occurs in respect of the Bonds. The events of default in respect of the Bonds relate, *inter alia*, to the Bond Issuer's payment obligations in respect of the Bonds and the solvency of the Bond Issuer.

Dividends may only be paid to the extent that the net rental income of the FCPT Property Portfolio held by the FCPT Secured Group in both the period: (i) six months prior to the proposed dividend payment date; and (ii) six months following the proposed dividend payment date less certain operating costs and the amount of the proposed dividend do not fall below 2.0 times and, after deduction of the proposed dividend, do not fall below 1.75 times the amount of interest payable under the Bond Facility Agreement over such period.

The amount advanced under the Bond Facility Agreement is secured by fixed and floating charges over the assets of FCPT and the FCPT Property Subsidiary granted pursuant to a security trust deed, certain deeds of charge, a Belgian law pledge over an interest service account located in Belgium and related security documentation. In terms of the security trust deed, the members of the FCPT Secured Group (but not FCPT and any subsidiaries incorporated by FCPT outside the FCPT Secured Group) are prohibited from granting any security over their assets other than that in favour of The Bank of New York in its capacity as security trustee without the prior consent of The Bank of New York.

Moody's Investor Service has confirmed that it will not downgrade the Bonds as a result of the proposed change of investment manager.

- 8.2.8 By a facility agreement dated 25 June 2010 made between, among others, Barclays (in various capacities) (1), SCP Holdings (2) and SCP Estate (3), Barclays has agreed to make available an investment term loan facility of up to £50 million. The interest payable under the Barclays Facility has been fixed through an interest rate swap at an aggregate interest rate of 4.88 per cent. per annum for the full term of the facility, including the margin.

No further amounts can be drawn down under the Barclays Facility and the Barclays Facility is repayable on 28 June 2017. SCP Holdings may, if it gives Barclays not less than 10 business days' prior notice, prepay the whole or any part of the Barclays Facility (but any prepayment in part must be of an amount that reduces the Barclays Facility by a minimum amount of £500,000). If such prepayment is made pursuant to a refinancing of the Barclays Facility by a person or persons other than Barclays, or utilising funds made available to SCP Holdings by a member of the group of companies of which it forms part (other than SCP Estate), SCP Holdings requires to pay to Barclays a prepayment fee. If the prepayment occurs on or prior to 27 June 2011, the prepayment fee is 1.00 per cent. of the amount prepaid. If the prepayment occurs between 28 June 2011 and 27 June 2012 (inclusive), the prepayment fee is 0.50 per cent. of the amount prepaid. If the prepayment occurs between 28 June 2012 and 27 June 2013 (inclusive), the prepayment fee is 0.25 per cent. of the amount prepaid.

The Barclays Facility Agreement contains financial covenants which require SCP Holdings to comply with financial tests to ensure that: (i) the net rental income received expressed as a percentage of the aggregate amount payable under the Barclays Facility Agreement (and related documents), for the period of three months up to and including the relevant test date (taking into account any monies standing to the credit of certain blocked accounts) is at least 140 per cent.; (ii) the projected net rental income to be received expressed as a percentage of the aggregate amount payable under the Barclays Facility Agreement (and related documents), for the period of 12 months beginning on the relevant test date (taking into account any monies standing to the credit of certain blocked accounts) is at least 140 per cent.; and (iii) the principal amount of the Barclays Facility (taking into account any monies standing to the credit of certain blocked accounts) as a percentage of the market value of the properties at St. Christopher's Place Estate does not exceed 60 per cent.

The Barclays Facility Agreement also contains certain other covenants which, amongst other things, cover restrictions on: (i) the creation of security (with permitted exceptions); (ii) other financial indebtedness (with permitted exceptions); (iii) the disposal of assets (with permitted exceptions); (iv) mergers; and (v) change of business. It also contains customary events of default upon the occurrence of which Barclays may terminate and demand repayment of all amounts outstanding under the Barclays Facility Agreement. Barclays has consented to the transfer of SCP Holdings to the UKCPT Group pursuant to the Proposals.

The Barclays Facility is secured by fixed and floating charges over the assets (including the properties at St. Christopher's Place Estate) of the SCP Secured Group, a security interest agreement over the shares in SCP Estate and a security interest agreement over the bank accounts of the SCP Secured Group.

9. Service contracts

- 9.1 None of the Directors have service contracts with the Company. Each of Christopher Hill, Keith Dorrian, Christopher Fish, John Robertson and Andrew Wilson has entered into a letter of appointment with the Company dated 25 August 2006. The letters of appointment provide that after an initial period of service, which commenced on 24 August 2006 and expired at the first annual general meeting of the Company, the Directors' appointments and re-appointments are subject to the Memorandum and Articles from time to time (including those provisions for retirement by rotation and early cessation). The company has the right to terminate each appointment without compensation if the relevant Director is required to vacate office in accordance with the Articles and/or the Law and, subject thereto, the letters of appointment do not contain any contractual provisions regarding the compensation which would be payable upon early termination by the Company. None of the Directors receive any pension benefits from the Company, nor do they participate

in any bonus or incentive schemes. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.

- 9.2 Each of the Proposed Directors has agreed to enter into a letter of appointment with the Company conditional upon the FCPT Scheme becoming effective. The letters of appointment for the Proposed Directors will be substantially the same terms as the letters of the Directors as described in paragraph 9.1 of this Part 3.

10. Directors, Proposed Directors and their interests in shares

- 10.1 As at the date of this document and immediately following Admission, other than as disclosed in paragraph 10.2 of this Part 3, there are no interests of any Director or any Proposed Director including any connected persons by any Director or any Proposed Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director or any Proposed Director whether or not held through another party, in the share capital of the Company or any options in respect of such capital.
- 10.2 The Directors do not have any options over any Ordinary Shares. As at the date of this document, the Directors and Proposed Directors have the following numbers of Ordinary Shares all of which are beneficially held:

	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of current issued Ordinary Shares⁽¹⁾</i>	<i>Number of New UKCPT Shares to be acquired under the Proposals</i>	<i>Percentage of issued Ordinary Shares following the Issue and Admission⁽¹⁾</i>
Christopher Hill	20,000	0.002%	Nil	0.001%
Keith Dorrian	10,000	0.001%	Nil	0.0005%
Christopher Fish	10,000	0.001%	Nil	0.0005%
John Robertson	10,000	0.001%	Nil	0.0005%
Andrew Wilson	20,000	0.002%	Nil	0.001%
John Stephen	Nil	Nil	51,714	0.003%
Peter Niven	Nil	Nil	52,633	0.003%
Nicholas Tostevin	Nil	Nil	26,635	0.001%

Notes:

- (1) The percentages shown are calculated after excluding the 41,445,142 Ordinary Shares held by the Company in treasury.
- (2) In compiling the above table of interests it has been assumed that each of the FCPT Shareholders elects to roll-over their entire holding of FCPT Shares into New UKCPT Shares pursuant to the Scheme and is issued 1.22 New UKCPT Shares for each FCPT Share held by them. In these circumstances, 830,255,143 New UKCPT Shares would be issued pursuant to the Scheme.

11. Related party transactions

Save as disclosed below, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three financial periods since the Company's incorporation in August 2006 to 31 December 2009 in respect of which the Company has published statutory accounts, or during the period from 31 December 2009 to the date of this document:

- 11.1 the Company is a party to the Investment Management Agreement and the Supplemental Investment Management Agreement;
- 11.2 if the Proposals become effective, the Company has agreed to pay the Directors (other than John Robertson) aggregate additional fees of up to £80,000 on Admission in recognition of the additional services provided by them in relation to the Proposals;
- 11.3 on 6 July 2010, the UKCPT Group acquired the Glasgow Property from Phoenix with the consideration satisfied by the issue of 12,250,000 Ordinary Shares to Phoenix;
- 11.4 on 19 February 2010, the Company paid the Directors (other than John Robertson) an additional fee of £5,000 each in recognition of the additional services provided by them in relation to the 2010 Placing and Offer;
- 11.5 on 19 January 2010 and 20 January 2010, the Company and the Investment Manager entered into a placing letter and a side letter to the Investment Management Agreement between the Company and the Investment Manager pursuant to which the Company paid a commission of 0.85 per cent. of the gross proceeds of the subscription by PALAL for new Ordinary Shares pursuant to the 2010 Placing and Offer and an additional fee of £250,000 to the Investment Manager (further details of which are set out in paragraph 8.1.3 of this Part 3);

- 11.6 on 30 October 2009, the UKCPT Group acquired a portfolio of UK commercial properties from Phoenix with the consideration satisfied as to £35 million in cash and by the issue of 151,544,000 Ordinary Shares to Phoenix;
- 11.7 on 11 November 2009, the Company paid the Directors (other than John Robertson) additional fees of £5,000 each in recognition of the additional services provided by them in relation to the 2009 Issue;
- 11.8 on 1 October 2009, the Company entered into a side letter to the Investment Management Agreement in relation to the 2009 Issue pursuant to which the Company paid the Investment Manager an additional fee of £250,000 (further details of which are set out in paragraph 8.1.4 of this Part 3);
- 11.9 on 8 February 2007, the Company and the Investment Manager entered into a cost commission agreement in relation to the 2007 Issue whereby the Investment Manager agreed to meet the costs and expenses payable by the Company if the 2007 Issue did not proceed, save for certain costs not to exceed £150,000. Under this agreement, it was also agreed that if the costs and expenses excluding stamp duty land tax exceeded £5,047,500 the Investment Manager would pay to the Company the excess and if the costs and expenses were below this amount the Company would pay to the Investment Manager the difference as a commission; and
- 11.10 on 8 September 2006, the Company and the Investment Manager entered into a cost commission agreement in relation to First Issue whereby the Investment Manager agreed to meet the costs and expenses payable by the Company if this issue did not proceed. Under this agreement, it was also agreed that if the costs and expenses excluding placing commissions exceeded 1.45 per cent. of the value of the Ordinary Shares issued, the Investment Manager would pay to the Company the excess and if the costs and expenses were below this amount the Company would pay to the Investment Manager the difference as a commission.

12. Dealings in Ordinary Shares

It is expected that any New UKCPT Shares will be issued and admitted to listing on the Official List and to trading on the main market of the London Stock Exchange, and dealings in such shares will commence on 10 August 2010. A total number of up to one billion New UKCPT Shares may be issued. Fractions of New UKCPT Shares will not be issued. The New UKCPT Shares will be issued in registered form and will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates in respect of the New UKCPT Shares, transfers will be certified against the register.

13. Consent

Execution Noble, which is authorised and regulated by the Financial Services Authority, has given and has not withdrawn its consent to the inclusion herein of its name and the reference to it in the form and context in which they appear.

14. Guernsey regulatory requirements

The Company has received authorisation as an authorised closed-ended investment scheme by the Guernsey Financial Services Commission (the "Commission") under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Authorised Closed-ended Investment Schemes Rules 2008 made thereunder (the "Rules"). Notification of the proposals outlined in this document have been given to the Commission pursuant to Part 5 of the Rules.

15. Legal and arbitration proceedings

15.1 UKCPT Group

No member of the UKCPT Group is engaged in nor, so far as the Company is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had in the recent past (covering the 12 months preceding the date of this document), a significant effect on the Company's and/or the UKCPT Group's financial position or profitability.

15.2 FCPT Group

No member of the FCPT Group is engaged in nor, so far as FCPT is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had in the recent past (covering the 12 months preceding the date of this document), a significant effect on FCPT's and/or the FCPT Group's financial position or profitability.

16. Working capital

The Company is of the opinion that, after taking into account the net proceeds of the Phoenix Subscription, the Enlarged UKCPT Group has sufficient working capital for its present requirements, that is, for at least the 12 months from the date of this document.

17. Accounting policies

The accounting policies of FCPT are consistent with the accounting policies of the Company in all material respects and no material adjustments need to be made to FCPT's financial statements to achieve consistency with the Company's accounting policies.

18. Takeover Code restrictions on share buy backs

Under Rule 9 of the Takeover Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the Takeover Code) which when taken together with shares already held by him or held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, or who is interested in shares carrying 30 per cent. or more of the voting rights but who does not hold shares carrying more than 50 per cent. of the voting rights of such a company and who acquires an interest in any additional shares carrying voting rights of that company is normally required to make a general cash offer to all the remaining shareholders of the company to acquire their equity shares and transferable securities carrying voting rights in the company. An offer under Rule 9 of the Takeover Code must be in cash at the highest price paid by the person or the group of persons acting in concert in the preceding 12 months. Rule 37 of the Takeover Code extends this principle so that, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code). It is estimated that, if the Scheme becomes effective, Phoenix and PALAL (both Phoenix Group Companies) will hold 45.71 per cent. of the Enlarged UKCPT's issued shares carrying voting rights if no elections are made for the Cash Option and 55.21 per cent. if the Cash Option is fully taken up and Phoenix subscribes for its maximum commitment under the Phoenix Subscription Agreement of £130 of million New UKCPT Shares. On the same basis, the FP Group would hold 14.76 per cent. and 15.01 per cent. respectively of the Enlarged UKCPT. In the event that Phoenix Group Companies are interested in shares carrying 30 per cent. or more of the voting rights but do not hold shares carrying more than 50 per cent. of the voting rights in the Enlarged UKCPT following the Effective Date, the Company will not be able to buy back shares without ensuring that an appropriate resolution to approve a waiver of the Rule 9 obligation described above (a "whitewash resolution") is put to independent shareholders prior to, and as a pre-condition of, implementation of its current buy back authority granted at the annual general meeting of the Company on 4 June 2010, unless it buys back the Phoenix Group Companies' proportionate holding of UKCPT Shares. Accordingly, if the Scheme becomes effective and the Phoenix Group Companies are interested in shares carrying 30 per cent. or more of the voting rights but do not hold shares carrying more than 50 per cent. of the voting rights in the Enlarged UKCPT following the Effective Date, the Board intends to request, in due course, that the Takeover Panel grant a waiver of Rule 9 in respect of any buy backs under the current authority and will convene a general meeting at which Shareholders, other than Phoenix Group Companies, can consider an ordinary resolution to approve the whitewash resolution.

19. Incorporation by reference

The following sections of the Prospectus are incorporated by reference into this document:

- 19.1 the section entitled 'The property portfolio' on page 28 of Part 1 of the Prospectus;
- 19.2 the section entitled 'The commercial property market in the UK' on pages 28 and 29 of Part 1 of the Prospectus;
- 19.3 the section entitled 'Key personnel' set out on pages 35 and 36 of Part 2 of the Prospectus;
- 19.4 Part 4 of the Prospectus setting out 'Details of the UKCPT Property Portfolio, the FCPT Property Portfolio and the Combined Portfolio';
- 19.5 Part 5 of the Prospectus which sets out the valuation reports in respect of the UKCPT Property Portfolio and the FCPT Property Portfolio;
- 19.6 Part 6 of the Prospectus which sets out financial information on the Company;
- 19.7 Part 7 of the Prospectus which sets out historical financial information on FCPT and the FCPT Subsidiaries; and
- 19.8 Part 8 of the Prospectus which sets out unaudited pro forma financial information relating to the Enlarged UKCPT.

20. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Royal London House, 22/25 Finsbury Square, London EC2A 1DX and the registered office of the Company (being the place of the EGM) until close of business on 10 August 2010:

- (i) the Memorandum and Articles of Company together with the full terms of the proposed amendments;
- (ii) the letters of appointment referred to in paragraph 9.1 of this Part 3;
- (iii) a draft (subject to non-material updating and amendment) of the Transfer Agreement and undertakings to enter into the Transfer Agreement;
- (iv) the written consent referred to in paragraph 13 of this Part 3;
- (v) the Company's reports and accounts for the three financial periods to 31 December 2009, FCPT's report and accounts for the financial period to 31 December 2009 and FCPT Holdings' report and accounts for the two financial periods to 31 December 2008;
- (vi) the Prospectus and the documents referred to in the Prospectus as being available for inspection;
- (vii) the circular published by FCPT on 12 July 2010 in relation to the Scheme; and
- (viii) this document.

Dated 12 July 2010

Part 4

Definitions

The meaning of the following terms shall apply throughout this document unless the context otherwise requires:

“2007 Issue”	the issue of 350 million Ordinary Shares by the Company on 28 February 2007
“2009 Issue”	the issue by the Company of 151,544,000 Ordinary Shares to Phoenix on 30 October 2009 in part consideration for the acquisition of a portfolio of UK commercial properties
“2010 Placing and Offer”	the placing and offer for subscription of up to 195 million Ordinary Shares in February 2010
“Acquisition”	the proposed acquisition of the business and assets of FCPT (including the FCPT Subsidiaries) by the Company pursuant to the Scheme on the terms to be set out in the Transfer Agreement
“Admission”	admission of the New UKCPT Shares to the premium segment of the Official List and to trading on the London Stock Exchange
“Articles” or “Articles of Association”	the articles of association of the Company
“Associate”	has the meaning given in the Listing Rules
“Barclays”	Barclays Bank PLC, a company incorporated in England with registered number 01026167
“Barclays Facility”	the £50 million investment term loan facility provided to SCP Holdings by Barclays pursuant to the Barclays Facility Agreement
“Barclays Facility Agreement”	the facility agreement dated 25 June 2010 between, among others, Barclays (in various capacities), SCP Holdings and SCP Estate, further details of which are set out at paragraph 8.2.8 of Part 3 of this document
“Board” or “Directors”	the directors of the Company
“Bonds” or “FCPT Bonds”	the £230 million 5.23 per cent. secured bonds due 2017 (but expected to be repaid in full on 30 June 2015) issued by the Bond Issuer
“Bond Documents”	the documents entered into in connection with the issue of the Bonds and the Bond Facility Agreement
“Bond Facility Agreement”	the issuer borrower facility agreement dated 18 March 2005 between FCPT Holdings and the Bond Issuer, further details of which are set out in paragraph 8.2.7 of Part 3 of this document
“Bond Issuer”	F&C Commercial Property Finance Limited, a company incorporated in Guernsey with registered number 42793
“Borrowings”	the principal amounts borrowed by the UKCPT Group for investment or working capital purposes, not including any intra-group borrowings
“Cash Option”	the option being made available under the Scheme for FCPT Shareholders to receive 91p in cash per share, in respect of some or all of their holding of FCPT Shares, on the winding up of FCPT
“Chorley Property”	the freehold property at Units 6 and 8, Revolution Park, Buckshaw Avenue, Buckshaw Village, Chorley PR7 7DW, forming part of the FCPT Property Portfolio
“Closing Price”	the closing middle market quotations as derived from the Daily Official List on a particular day
“Combined Portfolio”	the UKCPT Property Portfolio and the FCPT Property Portfolio
“Company” or “UKCPT”	UK Commercial Property Trust Limited, a company incorporated in Guernsey with registered number 45387
“Continuing Shareholders”	the FCPT Shareholders who do not elect (or are deemed not to have elected) for the Cash Option and UKCPT Shareholders

“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the UK Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“Daily Official List”	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the Financial Services Authority under Part VI of FSMA as amended from time to time
“Effective Date”	the date on which the Scheme becomes effective pursuant to its terms, which is expected to be on 9 August 2010
“Enlarged UKCPT”	the Company as enlarged following the Acquisition
“Enlarged UKCPT Group”	the UKCPT Group as enlarged following the Acquisition (including the FCPT Subsidiaries)
“ERV”	the open market rent which at the relevant date could reasonably be expected to be obtained on a new letting or rent review of a property net of ground rents and head rents
“Execution Noble”	Execution Noble & Company Limited, a company incorporated in Scotland with registered number SC127487 and authorised by the Financial Services Authority
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 9.00 a.m. on 9 August 2010 (or any adjournment thereof) notice of which is set out on page 40 of this document
“F&C”	F&C Investment Business Limited
“FAV”	in relation to an FCPT Share and/or a UKCPT Share, as the case may be, means its net asset value on the Scheme Calculation Date as calculated on the basis of the relevant company’s normal accounting policies and adjusted in accordance with the terms of the Scheme
“FCPT”	F&C Commercial Property Trust Limited, a company incorporated in Guernsey with registered number 50402
“FCPT Board” or “FCPT Directors”	the board of directors of FCPT
“FCPT Extraordinary General Meeting” or “FCPT EGM”	the extraordinary general meeting of FCPT to be held at 10.00 a.m. on 9 August 2010 (or any adjournment thereof)
“FCPT Group”	FCPT and its subsidiary undertakings from time to time
“FCPT Holdings”	FCPT Holdings Limited, a company incorporated in Guernsey with registered number 42737
“FCPT Property Portfolio”	the direct and indirect property assets of FCPT as at the date of this document
“FCPT Property Subsidiary”	F&C Commercial Property Holdings Limited, a company incorporated in Guernsey with registered number 42736
“FCPT Resolutions”	the resolutions to be proposed at the FCPT EGM
“FCPT Secured Group”	FCPT Holdings and FCPT Property Subsidiary and their subsidiary undertakings from time to time
“FCPT Shareholders”	the holders of FCPT Shares
“FCPT Shares”	the existing fully paid ordinary shares of 1p each in the capital of FCPT
“FCPT Subsidiaries”	FCPT Holdings, FCPT Property Subsidiary, SCP Holdings and SCP Estate
“FCPT Valuer”	DTZ Debenham Tie Leung Limited
“First Issue”	the issue of 529,999,998 Ordinary Shares by the Company on 22 September 2006
“Form of Proxy”	the form of proxy for use by Shareholders at the EGM which accompanies this document

“FP Group”	Friends Provident Life and Pensions Limited and Friends Provident Life Assurance Limited and their parent undertakings and any other subsidiary undertakings of such parent undertakings
“Friends Provident”	Friends Provident Life and Pensions Limited and Friends Provident Life Assurance Limited
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended)
“Glasgow Property”	the heritable property at 2/8 Buchanan Street and 122/132 Argyle Street, Glasgow, forming part of the UKCPT Property Portfolio
“GP”	UK Commercial Property GP Limited, a company incorporated in Guernsey with registered number 45385
“HMRC”	HM Revenue & Customs
“Implementation Agreement”	the agreement entered into on 8 June 2010 between, <i>inter alia</i> , FCPT and the Company providing, <i>inter alia</i> , for the implementation of the Scheme, further details of which are set out in paragraph 8.1.8 of Part 3 of this document
“Independent Shareholders”	the FCPT Shareholders and/or the UKCPT Shareholders as the context may determine excluding Phoenix Group, Friends Provident and their Associates
“Investment Management Agreement”	the investment management agreement dated 8 September 2006 (as amended) among, <i>inter alia</i> , the Company and Ignis, further details of which are set out in paragraph 8.1.1 of Part 3 of this document
“Investment Manager” or “Ignis”	Ignis Investment Services Limited, a company incorporated in Scotland with registered number SC101825
“Issue”	the issue of New UKCPT Shares pursuant to the Scheme and to Phoenix in order to fund partially the Cash Option
“Issue Costs”	the costs and expenses payable in respect of the Scheme
“Law”	The Companies (Guernsey) Law, 2008
“LIBOR”	London Inter-bank Offered Rate
“Liquidator(s)”	the liquidator or liquidators for the time being of FCPT (if more than one) jointly and severally
“Listing Rules”	the listing rules made by the Financial Services Authority under Part VI of FSMA as amended from time to time
“Lloyds”	Lloyds TSB Scotland plc, a company incorporated in Scotland with registered number SC095237
“Lloyds Facility”	the £80 million revolving loan facility provided to the Company by the Lloyds pursuant to the Lloyds Facility Agreement
“Lloyds Facility Agreement”	the facility agreement dated 19 June 2008 between, among others, Lloyds (in various capacities) and the Company, further details of which are set out in paragraph 8.1.7 of Part 3 of this document
“London Stock Exchange”	London Stock Exchange plc
“Market Value”	the aggregate of the market value of the Properties comprising the UKCPT Property Portfolio, the FCPT Property Portfolio and/or the Combined Portfolio, as the context requires, as at 31 May 2010 (save in the case of the Chorley Property which is valued as at 18 June 2010), as set out in the Valuers’ reports in Part 5 of the Prospectus, or the aggregate market value of part only of such portfolios, as the context requires
“NAV” or “net asset value”	in relation to an FCPT Share, a UKCPT Share and/or a New UKCPT Share, as the case may be, means its net asset value on the relevant date as calculated on the basis of the relevant company’s normal accounting policies

“New UKCPT Shares”	the Ordinary Shares to be issued by the Company to FCPT Shareholders pursuant to the Scheme and to Phoenix to fund partially the Cash Option
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares” or “UKCPT Shares”	ordinary shares of 25p each in the capital of the Company
“PALAL”	Phoenix & London Assurance Limited, a company incorporated in England and Wales with registered number 894616 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham B47 6WG (a Phoenix Group Company)
“Phoenix”	Phoenix Life Limited, a company incorporated in England and Wales with registered number 1016269 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham B47 6WG (a Phoenix Group Company)
“Phoenix Group”	Phoenix Group Holdings, an exempted company with limited liability incorporated in the Cayman Islands with registered number 202172 whose registered office is at c/o Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands
“Phoenix Group Companies”	Phoenix Group and its subsidiary undertakings (each a “Phoenix Group Company”)
“Phoenix Subscription”	the subscription by Phoenix for up to £130 million of New UKCPT Shares on the terms set out in the Phoenix Subscription Agreement
“Phoenix Subscription Agreement”	the conditional subscription agreement entered into by Phoenix and the Company, further details of which are set out in paragraph 8.1.9 of Part 3 of this document
“Properties”	the properties comprising the UKCPT Property Portfolio, the FCPT Property Portfolio and/or the Combined Portfolio, as more fully described in Part 4 of the Prospectus, or any of them as the context requires (each a “Property”)
“Property Subsidiary”	UK Commercial Property Holdings Limited, a company incorporated in Guernsey with registered number 45386
“Proposals”	the Related Party Transaction, the Acquisition, the issue of New UKCPT Shares, the changes to the Company’s investment policy and the amendment of the Articles as described in this document
“Proposed Directors”	John Stephen, Peter Niven and Nicholas Tostevin
“Prospectus”	the prospectus published by the Company in relation to the issue of the New UKCPT Shares and their admission to the Official List and to trading on the main market of the London Stock Exchange dated 12 July 2010
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority under Part VI of FSMA of as amended from time to time
“Red Book”	RICS Appraisal and Valuation Standards, 6th Edition
“Regulatory Information Service”	a regulatory information service that is on the list of regulatory information services maintained by the Financial Services Authority
“Related Party Transaction”	the participation of the Company in the Scheme, the Phoenix Subscription and the Acquisition (including the entry by the Company into the Transfer Agreement)
“Resolution 1”	the special resolution to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document, approving the changes to the Company’s investment policy and the amendment of the Articles
“Resolution 2” or “Related Party Resolution”	the ordinary resolution to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document, approving the Related Party Transaction (including the Acquisition) for the purpose of the Listing Rules and the issue of the New UKCPT Shares and to be voted on by Independent Shareholders

“Resolutions”	Resolution 1 and Resolution 2
“Rollover Option”	the option being made available under the Scheme for FCPT Shareholders to receive New UKCPT Shares, in respect of some or all of their holding of FCPT Shares, on the winding up of FCPT
“Scheme” or “FCPT Scheme”	the proposed scheme for the reconstruction and solvent winding up of FCPT
“Scheme Calculation Date”	close of business on 30 June 2010 or such other time and date as agreed between the Directors and the FCPT Directors
“SCP Estate”	SCP Estate Limited, a company incorporated in Guernsey with registered number 51516
“SCP Holdings”	SCP Estate Holdings Limited, a company incorporated in Guernsey with registered number 51517
“SCP Secured Group”	SCP Holdings and SCP Estate and their subsidiary undertakings from time to time
“Shareholders” or “UKCPT Shareholders”	the holders of the Ordinary Shares
“St. Christopher’s Place Estate”	the property at St. Christopher’s Place Estate (to include 77/77A Wigmore Street, 372 and 374 Oxford Street and 14 Gees Court), London W1
“Supplemental Investment Management Agreement”	the supplemental agreement to the Investment Management Agreement, further details of which are set out in paragraph 8.1.2 of Part 3 of this document
“Takeover Code”	The City Code on Takeovers and Mergers
“Takeover Panel”	The Panel on Takeovers and Mergers
“Total Assets”	in respect of each of FCPT and the Company, the aggregate value of the assets of its group less current liabilities of such group (which shall exclude any proportion of the principal amounts borrowed for investment or amounts borrowed for working capital treated as current liabilities and any liability of an intra-group nature)
“Total Expense Ratio”	the total costs of managing and operating a group per annum divided by such group’s total assets, including management fees, administration fees, directors’ fees, regulatory fees, valuation fees, audit fees and legal fees but excluding the direct costs incurred in the acquisition and disposal of assets and direct property related costs
“Transfer Agreement”	the agreement to be entered into on or about the Effective Date among, <i>inter alia</i> , the Liquidator (in his personal capacity and on behalf of FCPT) and the Company, further details of which are set out in paragraph 8.1.10 of Part 3 of this document
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKCPT Dividend Record Date”	the record date, prior to the Effective Date, by which a shareholder must be on UKCPT’s register to be eligible to receive the UKCPT third interim dividend, being 5.00 p.m. on 30 July 2010
“UKCPT Group”	the Company and its subsidiary undertakings from time to time
“UKCPT Property Portfolio”	the direct and indirect property assets of the Company as at the date of this document
“UKCPT Valuer”	CB Richard Ellis Limited
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Valuers”	the UKCPT Valuer and the FCPT Valuer
“Working Day”	means a day which is not a Saturday, a Sunday, Christmas Day or Good Friday or a day appointed as a public holiday by Ordinance of the States under section 1(1) of the Bills of Exchange (Guernsey) Law, 1958

UK COMMERCIAL PROPERTY TRUST LIMITED

(An investment company incorporated in Guernsey with registered number 45387)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of UK Commercial Property Trust Limited (the "Company") will be held at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL on 9 August 2010 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions.

1. To resolve as a special resolution:

THAT, subject to and conditional upon Resolution 2 being passed:

- (i) subject to and with effect from Admission (as defined in the circular of the Company dated 12 July 2010 (the "Circular")), the proposed investment policy set out in the Circular be and is hereby approved as the investment policy of the Company to the exclusion of all previous investment policies of the Company; and
- (ii) subject to and with effect from Admission (as defined in the Circular), the articles of association of the Company be amended by deleting the first sentence of Article 134(6) and by the substitution thereafter of the following new sentence:
"The Directors shall put an ordinary resolution to the shareholders to approve the continuation of the Company, in its then form, at the annual general meeting of the Company to be held in 2015 and thereafter at five yearly intervals."

2. To resolve as an ordinary resolution:

THAT:

- (i) each of: (a) the Related Party Transaction (as defined in the circular of the Company dated 12 July 2010 (the "Circular")), being a related party transaction for the purpose of the Listing Rules of the UK Listing Authority; and (b) the Acquisition (as defined in the Circular), being a class 1 transaction for the purposes of the Listing Rules of the UK Listing Authority, be and is hereby approved; and
- (ii) the directors be generally and unconditionally authorised to issue up to 200 million new ordinary shares of 25p each in the capital of the Company ("Ordinary Shares") in connection with the Phoenix Subscription (as defined in the Circular) at a discount of more than 10 per cent. to the middle market price of an Ordinary Share at the time the terms of the Phoenix Subscription were agreed and at a discount to the net asset value per Ordinary Share.

By order of the Board

Northern Trust International Fund
Administration Services (Guernsey) Limited
Secretary

Registered office

Trafalgar Court
Les Banques
St. Peter Port
Guernsey GY1 3QL

Notes:

1. A member who is entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. More than one proxy may be appointed provided each party is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for use at the meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St. Helier, Jersey JE4 9XY not later than 9.00 a.m. on 5 August 2010 (or, in the case of any adjournment, not less than 48 hours (excluding any part of a day that is not a Working Day) prior to the time of the adjourned meeting).
3. In order to revoke a proxy instruction you will need to inform the Company by sending a signed copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hilgrove Street, St. Helier, Jersey JE4 9XY. In the case of a member which is an individual, the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or in the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority under which the revocation notice is signed), must be included with the revocation notice. The revocation notice must be received by Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hillgrove Street, St. Helier, Jersey JE4 9XY not less than 48 hours (excluding any part of a day that is not a Working Day) before the time fixed for the holding of the meeting, or any adjourned meeting.
If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
The completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting. If you have appointed a proxy and attend the meeting in person your proxy appointment will remain valid and you may not vote at the meeting in person unless you have provided a hard copy notice to revoke to Computershare Investor Services (Jersey) Limited, PO Box 329, Queensway House, Hillgrove Street, St. Helier, Jersey JE4 9XY not less than 48 hours (excluding any part of a day that is not a Working Day) prior to the commencement of the meeting as set out above.
4. To have the right to attend, speak and vote at the meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 7 August 2010 or in the case of an adjourned meeting 48 hours prior to the holding of the adjourned meeting. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such meeting.
5. As at 5.00 p.m. on 8 July 2010, the Company's issued share capital (excluding shares held in treasury) comprised 1,197,348,858 Ordinary Shares with a total of 1,197,348,858 voting rights. The Company also holds 41,445,142 Ordinary Shares in treasury representing 3.46 per cent. of the total ordinary share capital in issue (excluding treasury shares).
6. Any person holding 3 per cent. of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such other party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.