

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT ABOUT THIS OFFER YOU SHOULD CONSULT AN INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER FSMA.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are resident in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your PI Shares (other than pursuant to the Offer), please forward this document and any reply-paid envelope, but not the accompanying personalised Form of Acceptance, 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 transmission to the purchaser or transferee. However, such documents should not be mailed, distributed, sent, forwarded to or transmitted, in whole or in part, in or into any jurisdiction where to do so would violate the relevant rules of that jurisdiction, as doing so may make invalid any purported acceptance of the Offer. If you have sold or otherwise transferred only part of your holding of PI Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. In particular, the Offer is not being made, directly or indirectly in or into any jurisdiction where to do so would violate the relevant rules of that jurisdiction.

Any person (including nominees, trustees and custodians) who would, or otherwise intends to, forward this document and/or the accompanying documents to any jurisdiction outside the United Kingdom should read paragraph 6 of Part B of Appendix I to this document before taking any action.

RECOMMENDED CASH OFFER

by

Inland plc

for

Poole Investments plc

Dawnay, Day Corporate Finance Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority for investment business activities, is acting exclusively as financial adviser to Inland and no-one else in connection with the Offer and will not be responsible to anyone other than Inland for providing the protections afforded to clients of Dawnay, Day Corporate Finance Limited or for providing advice in relation to the Offer or any other matters referred to in this document.

Zeus Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority for investment business activities, is acting exclusively as financial adviser to Poole Investments and no-one else in connection with the Offer and will not be responsible to anyone other than Poole Investments for providing the protections afforded to clients of Zeus Capital Limited or for providing advice in relation to the Offer or any other matters referred to in this document.

The Offer is not being made, directly or indirectly, in or into or by use of the mails, or any means of instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Jurisdiction where to do so would violate the relevant rules of that jurisdiction. Accordingly, copies of this document and the Form of Acceptance are not being and must not be mailed or otherwise distributed or sent in, into or from any such Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them in, into or from any such Restricted Jurisdiction. Doing so may invalidate any proposed acceptance of the Offer. Any acceptance of the Offer by acceptors who are unable to give the warranty set out in paragraph (c) of Part C of Appendix I may be deemed not to be valid. Notwithstanding the above, the Offer extends to all overseas shareholders if it is or becomes (for example as a result of local regulatory exemptions or consents) legitimate for such shareholders to accept it.

Your attention is drawn to the letter from the Chairman of Poole Investments, set out in Part I of this document, which explains why the Poole Investments Directors are unanimously recommending acceptance of the Offer.

Appendix V contains the definitions of the defined terms used in this document. The procedure for acceptance of the Offer is set out in paragraph 12 of Part II of this document and, in respect of PI Shares in certificated form, is further described in the Form of Acceptance. If you are a CREST sponsored member, you should refer to your CREST sponsor to accept the Offer electronically through CREST.

A SUMMARY OF THE ACTION TO BE TAKEN TO ACCEPT THE OFFER IS SET OUT ON PAGE 5 OF THIS DOCUMENT. THE FIRST CLOSING DATE OF THE OFFER IS 1.00PM ON 6 SEPTEMBER 2007.

IMPORTANT INFORMATION

Overseas Shareholders

The Offer is not being and will not be made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, by means of telephone, facsimile, e-mail, telex, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a securities exchange of, any Restricted Jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, copies of this document, the Form of Acceptance and any other related document are not being, and must not be, directly or indirectly, mailed or otherwise distributed or sent in or into any such Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from such jurisdictions as doing so may make invalid any purported acceptance of the Offer by persons in any such jurisdiction. Further information for Overseas Shareholders is set out in paragraph 6 of Part B of Appendix I to this document.

All PI Shareholders (including, without limitation, any nominee, trustee or custodian) who would otherwise intend to, or who have a contractual or legal obligation to, forward this document and/or the accompanying Form of Acceptance to any jurisdiction outside the United Kingdom should read paragraph 6 of Part B of Appendix I to this document and seek appropriate professional advice before doing so.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Persons who are subject to the laws of any jurisdiction other than the United Kingdom should obtain advice and observe any applicable requirements.

Forward-Looking Statements

This document contains certain forward-looking statements with respect to (amongst other things) the financial condition, results of operations and business of Poole Investments and certain plans and objectives of the Directors of Poole Investments and Inland. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements (without limitation) often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. These statements are based on assumptions and assessments made by the Directors of Poole Investments or Inland in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements, which are not guarantees of future performance.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. Poole Investments and Inland assume no obligation to update or correct the information contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Poole Investments except where expressly stated. You are cautioned not to place undue reliance on any forward-looking statement, which are expressly qualified by this paragraph and the paragraphs above under the heading “Forward-Looking Statements”.

Dealing Disclosure Requirements

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

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of Poole Investments, by Inland or Poole Investments, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon on the Business Day following the date of the relevant transaction.

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

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

Terms in quotation marks in the paragraphs above under the heading “Dealing Disclosure Requirements” are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel on telephone number +44 (0)20 7382 9026; fax number +44 (0)20 7236 7005.

THE FOLLOWING INFORMATION DOES NOT PURPORT TO BE A COMPLETE SUMMARY AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS DOCUMENT FROM WHICH IT IS DERIVED. PI SHAREHOLDERS SHOULD READ THE WHOLE DOCUMENT AND, IN PARTICULAR, THE LETTER FROM THE CHAIRMAN OF POOLE INVESTMENTS SET OUT IN PART I OF THIS DOCUMENT, AND SHOULD NOT RELY SOLELY ON THE INFORMATION SET OUT BELOW.

THE RECOMMENDED CASH OFFER

SUMMARY

- 6 pence in cash for each PI Share
- The Poole Investments Directors have unanimously recommended that PI Shareholders accept the Offer
- The Offer is conditional upon, amongst other things, valid acceptances being received (and not, where permitted, withdrawn) in respect of more than 90 per cent. in nominal value of the PI Shares to which the Offer relates
- As at the date of this document, irrevocable undertakings to accept the Offer have been received in respect of 27,602,854 PI Shares representing approximately 14.9 per cent. of the existing issued ordinary share capital of Poole Investments
- The Offer Price represents a premium of 37 per cent. over the Closing Price of 4.38 pence per PI Share on 2 July 2007, being the last business day prior to the commencement of the Offer Period
- Inland intends to procure that Poole Investments applies to the London Stock Exchange for the cancellation of the admission of PI Shares to trading on AIM, as soon as it is lawfully able, following the Offer becoming or being declared unconditional in all respects and to re-register Poole Investments as a private company. The cancellation of the admission of PI Shares to trading on AIM will significantly reduce the liquidity and marketability of the PI Shares not acquired by Inland.

ACTION TO BE TAKEN TO ACCEPT THE OFFER

1. If you hold your PI Shares, or any of them, in certificated form (that is, not in CREST), to accept the Offer in respect of those PI Shares you should complete, sign and return the Form of Acceptance **as soon as possible and, in any event, so as to be received by post or (during normal business hours only) by hand by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 1.00 p.m. on 6 September 2007.** Further details on the procedures for acceptance of the Offer if you hold any of your PI Shares in certificated form are set out in paragraph 12 of Part II of this document, Part C of Appendix I to this document and in the accompanying Form of Acceptance. A reply-paid envelope for use in the United Kingdom only is enclosed for your convenience and may be used by holders of PI Shares in certificated form in the United Kingdom for returning their Forms of Acceptance.
2. If you hold your PI Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer in respect of those PI Shares you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction is received **as soon as possible and, in any event, no later than 1.00 p.m. on 6 September 2007.** Further details on the procedures for acceptance if you hold any of your PI Shares in uncertificated form are set out in paragraph 12 of Part II of this document and in Part D of Appendix I to this document. If you hold your PI Shares as a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to CREST.
3. **Acceptances of the Offer must be received by 1.00 p.m. on 6 September 2007.**

You are advised to read this document carefully.

If you have any questions relating to this document or the completion and return of the Form of Acceptance, please call Capita Registrars' shareholder helpline on 0870 162 3121 (or from outside the United Kingdom on +44 20 8639 3399) between 9.00 a.m. and 5.00 p.m. Monday to Friday (excluding UK public holidays). Calls to the shareholder helpline maybe monitored and recorded.

Please note that, for legal reasons, Capita Registrars will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Offer or to provide legal, financial or personal taxation advice on the contents of this document.

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PART I

LETTER FROM THE CHAIRMAN OF POOLE INVESTMENTS PLC

Poole Investments plc

(Incorporated and registered in England and Wales with registered number 02282021)

Directors:

Tony Palmer *(Non-Executive Chairman)*
David Booth *(Executive Director)*
David Cicurel *(Non-Executive Director)*

Registered office:

Unit 19
21 Charlwoods Road
East Grinstead
West Sussex RH19 2HL

9 August 2007

To PI Shareholders:

Dear PI Shareholder,

Recommended Cash Offer by Inland for the entire issued and to be issued ordinary share capital of Poole Investments

1. Introduction

On 3 July 2007, the Poole Investments Directors announced that they had received an approach which may or may not lead to an offer for the entire issued share capital of Poole Investments and, on 12 July 2007, Inland made an announcement that discussions were taking place with Poole Investments that may lead to an offer for the Company.

It was announced on 9 August 2007 that the Poole Investments Directors had reached agreement with the Board of Inland on the terms of a recommended cash offer to be made by Inland, for the entire issued and to be issued share capital of Poole Investments not already owned by Inland. The Offer values the entire existing issued share capital of Poole Investments at approximately £11.1 million.

This letter sets out the background to and terms of the Offer and the reasons why your Directors are unanimously recommending that you accept the Offer, as they have irrevocably undertaken to do in respect of their entire beneficial holdings of PI Shares.

Your attention is drawn to the letter in Part II of this document and to Appendices I and II to this document. In particular, your attention is drawn to paragraph 12 of the letter from Inland in Part II of this document and (if you hold PI Shares in certificated form) the Form of Acceptance which, together, set out the procedure for acceptance of the Offer.

2. The Recommended Cash Offer

The Offer, full details of which are set out in the letter in Part II of this document, is:

for each PI Share

6 pence in cash

The Offer is final and will not be increased. The Offer of 6 pence in cash for each PI Share values the entire issued share capital of Poole Investments at approximately £11.1 million and represents a premium of approximately:

- (i) 76 per cent. to the average Closing Price of 3.42 pence per PI Share for the 12 months to 2 July 2007, that being the 12 months up to the last Business Day prior to the announcement of an approach to Poole Investments; and**
- (ii) 37 per cent. to the Closing Price of 4.38 pence per PI Share on 2 July 2007, being the last Business Day prior to the announcement of an approach to Poole Investments; and**

(iii) 84 per cent. to the Closing Price of 3.25 pence per PI Share on 2 April 2007, being the last Business Day prior to the first purchase of PI Shares by Inland and its associates since 3 July 2006.

The PI Shares to which the Offer relates will be acquired by Inland fully paid, or credited as fully paid, and free from all liens, equitable interests, mortgages, charges, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching to them, including all voting rights and the right to receive and retain all dividends and other distributions (if any) declared, made or paid on or after the date of this document.

The formal Offer is set out in the letter from the Chief Executive of Inland in Part II of this document. The Offer is subject to the conditions and further terms set out in Appendix I to this document and, in respect of PI Shares held in certificated form, in the Form of Acceptance.

3. Background to and reasons for the recommendation of the Offer

Poole Investments' primary asset is a 9.5 acre plot of land in Lower Hamworthy, Dorset, upon which resides an investment property which provides a rental income to the Company. This land forms part of the area within the Poole "Full Sail Ahead" regeneration scheme. The Borough of Poole submitted a Transport and Works Act and Town and County Planning Act Planning application seeking an order to permit the building of the "Twin Sails Bridge" and to regenerate Hamworthy. The inspector appointed to conduct the enquiry into the Borough's application made an order in August 2006 and directed that planning permission, with regard to the development within the Poole Harbour Opening Bridges Order, be deemed to be granted subject to certain conditions.

Since the granting of the order in August 2006, the Borough of Poole, with the aid of consultants, has been deciding how best to plan and progress regeneration. Borough representatives have agreed with Poole Investments that during the remainder of 2007, a series of meetings will take place to establish common ground that might enable the Company to support the regeneration by way of a formal planning application. Planning consent for this site has not yet been secured and the timing on securing such planning permission and the nature of any development is uncertain. Under the Offer, announced today, Poole Shareholders are being offered the immediate opportunity to realise their investment in Poole for cash. The Offer of 6 pence in cash per share represents a premium of approximately 37 per cent. over the price of PI Shares immediately prior to the announcement on 3 July 2007, that the Company had entered talks and approximately 77 per cent. over the average price prevailing in the previous three years.

The Board of Poole Investments has commissioned a number of valuations of the investment property. In addition, the company's property adviser and planning consultant have produced a number of appraisals based on a variety of scenarios to assist the Board with progress towards making a planning application or in considering any offer for the property or the Company. These valuations and appraisals take into account the mix of usage between residential and commercial, the requirement for social housing and a possible contribution towards the area regeneration costs. In addition to the uncertainty of the nature of the application, the Board is also mindful of the continued uncertain timing and associated costs that may be incurred during the application process. The Company has limited cash resources and income, which may hinder its ability to finance certain costs and expenses which may arise in connection with the improvement of the property value. The Board has also taken into account bank and other debt that will need to be repaid and deducted from the proceeds from a land sale and the contingent liabilities which will crystallise on the sale of the investment property or the Company. We also recognise the risks involved in only having one project (rather than a mix of projects) and that a lack of resources may hinder the Company in competing with other landowners for an optimum planning mix. The Board believes the Offer represents a fair return for shareholders when set in the context of all of these issues.

The Board has continued to receive enquires in the past three years from parties expressing an interest either in the purchase of the investment property or the Company. Furthermore, the Board has previously conducted a formal process of seeking to identify a suitable purchaser either for the land or the Company and during this process an offer did not materialise which could be recommended to Shareholders.

The Board of Poole Investments believes that the timing is now right for Shareholders to take advantage of the exit opportunity provided by the Offer from Inland. The Board of Poole Investments realises that Inland management has greater specialist expertise and experience in handling the many planning, environmental and technical issues that need to be resolved to unlock the potential value of the investment property. The Offer Price is a fair reflection of the present value of the expected return to be received by shareholders.

The Poole Investment Directors have reviewed many alternative options to maximise shareholder value and have considered a number of factors in deciding to recommend this Offer including valuation, the deliverability and timing of these options and have concluded that the level of the Offer fairly values the Company.

Against this background, the Directors, as advised by Zeus Capital, consider the terms of the Offer to be fair and reasonable and that the Offer provides Shareholders with an opportunity to realise, in cash, their investment in Poole Investments. Accordingly, the Directors recommend acceptance of the Offer.

4. Directors and employees

Poole Investments has no employees. Upon the Offer being declared or becoming unconditional in all respects, David Booth, David Cicurel and I will step down from the Poole Investments Board.

5. Financial Information and Current Trading

Financial information for Poole Investments for the three years ended 31 May 2007 is contained in Appendix II to this document.

Turnover for the year ended 31 May 2007 was £335,000 (2006: £335,000, 2005: £337,000). All turnover, including prior year, comprises rental income derived in the UK from the Company's one tenant of the investment property described above. Operating profit for the year ended 31 May 2007 was £264,000 (2006: £260,000, 2005: £262,000). The net assets of Poole Investments at 31 May 2007 were £3,408,000 (2006: £3,432,000, 2005: £1,704,000).

6. Inducement fee

Inland and Poole Investments have entered into an inducement fee agreement. Under this agreement, as an inducement for Inland to make the Offer, Poole Investments has agreed to pay £100,000 (inclusive of VAT, if payable) to Inland in certain circumstances. These circumstances are, broadly, where a third party makes an offer for Poole Investments which subsequently becomes or is declared wholly unconditional or where Poole Investments disposes of the Property or if the recommendation of the Offer by the Poole Investments Directors is withdrawn or otherwise adversely modified. Further details of the inducement fee agreement are set out in paragraph 7 of Appendix IV to this document.

The Poole Investments Directors, who have been so advised by Zeus Capital, are satisfied that these inducement fee arrangements are in the best interests of PI Shareholders taken as a whole.

7. Undertakings to accept the Offer

The Directors of Poole Investments have (other than David Cicurel whose connected trust has) given irrevocable undertakings to accept the Offer in respect of their entire beneficial holdings of PI Shares comprising, in aggregate, 7,652,854 PI Shares, representing approximately 4.1 per cent. of the entire existing issued ordinary share capital of Poole Investments.

Irrevocable undertakings have also been received from Judges Capital plc in respect of 5,700,000 PI Shares (3.1 per cent. of the PI Shares in issue) and Starlight Investments Ltd. in respect of 14,250,000 PI Shares (7.7 per cent. of the PI Shares in issue). The undertakings cease to be binding if a third party competing offer is made for Poole Investments at a price which represents a premium in excess of 10 per cent. over the Offer Price. The Panel has ruled that Starlight Investments Ltd. is acting in concert with Dawnay Day (adviser to Inland) and is therefore deemed to be also acting in concert with Inland.

Accordingly, as at the date of this document, Inland has received undertakings to accept (or procure the acceptance of) the Offer in respect of 27,604,854 PI Shares, representing approximately 14.9 per cent. of Poole Investments' entire existing issued ordinary share capital.

Further details of these irrevocable undertakings are set out in paragraph 5 of Part II of this document.

8. Compulsory acquisition and cancellation of trading on AIM

If Inland receives acceptances under the Offer in respect of, and/or otherwise acquires, in aggregate, both 90 per cent. or more in value of the PI Shares to which the Offer relates and 90 per cent. or more of the voting rights carried by those shares, Inland intends to apply the procedures set out in the sections 979 to 982 (inclusive) of the Companies Act 2006 to acquire compulsorily the remaining PI Shares on the same terms as the Offer.

Following the Offer becoming or being declared unconditional in all respects, if Inland acquires or agrees to acquire, by virtue of its shareholding of PI Shares and acceptances of the Offer, PI Shares carrying 75 per cent. or more of the voting rights of Poole Investments and subject to any applicable requirements of the London Stock Exchange, Inland intends to procure that Poole Investments applies to the London Stock Exchange for the cancellation of the PI Shares from trading on AIM. It is anticipated that such cancellation will take effect no earlier than 20 Business Days after the Offer becomes or is declared unconditional in all respects. The cancellation of trading of PI Shares will significantly reduce the liquidity and marketability of any PI Shares not acquired by Inland.

It is also proposed that, following the Offer becoming or being declared unconditional in all respects, Poole Investments will be re-registered as a private company.

9. Taxation

Your attention is drawn to paragraph 10 of the letter from Inland set out in Part II of this document. If you are in any doubt as to your tax position, you should consult your independent professional adviser immediately.

10. Overseas Shareholders

Overseas Shareholders should refer to paragraphs 11, 12(a)(v) and 12(b)(iii) of the letter from Inland set out in Part II of this document.

11. Further Information

Your attention is drawn to the further information relating to the Offer set out in Appendices I to IV to this document and, if applicable, the accompanying Form of Acceptance.

12. Action to be taken to accept the Offer

Your attention is drawn to the procedure for accepting the Offer, which is set out in paragraph 12 of Part II of this document.

If you are in any doubt about the Offer or the action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA, if you are in the United Kingdom, or from another appropriately qualified independent financial adviser.

13. Recommendation

The Poole Investments Directors, who have been so advised by Zeus Capital, unanimously consider the terms of the Offer to be fair and reasonable so far as PI Shareholders are concerned. In providing advice to the Poole Investments Directors, Zeus Capital has taken into account the commercial assessments of the Poole Investments Directors.

Accordingly, the Poole Investments Directors unanimously recommend that PI Shareholders accept the Offer, as the Poole Investments Directors who have beneficial holdings in PI Shares have (other than David Cicurel whose connected trust has) irrevocably undertaken to do (or to take steps within their power to cause acceptance of the Offer) in respect of their own beneficial holdings of PI Shares amounting to, in aggregate, 7,652,854 PI Shares, which represent approximately 4.1 per cent. of the existing issued ordinary share capital of Poole Investments.

Yours faithfully
for and on behalf of Poole Investments plc

Tony Palmer
Chairman

PART II

LETTER FROM THE CHIEF EXECUTIVE OF INLAND PLC

Inland plc

(Incorporated and registered in England and Wales with registered number 05482990)

Directors:

Terry Roydon (*Non Executive Chairman*)
Stephen Wicks (*Chief Executive*)
Nishith Malde FCA (*Finance Director*)
Simon Bennett (*Non-Executive Director*)

Registered office:

Trinity Court
Batchworth Island
Church Street
Rickmansworth
Hertfordshire WD3 1RT

9 August 2007

To PI Shareholders :

Dear PI Shareholder,

**Recommended Cash Offer by Inland
for the entire issued and to be issued ordinary share capital of Poole Investments**

1. Introduction

On 9 August 2007, the Inland Directors and the Poole Investments Directors were pleased to announce a recommended cash offer, to be made by Inland, to acquire the entire issued and to be issued ordinary share capital of Poole Investments not already owned by Inland at a price of 6 pence per PI Share.

This letter, Appendix I to this document and, in relation to PI Shares held in certificated form, the Form of Acceptance, contain the formal Offer for your PI Shares (including its terms and conditions).

Your attention is drawn to the letter of recommendation from the Chairman of Poole Investments contained in Part I of this document, which sets out the reasons why the Poole Investments Directors, who have been so advised by Zeus Capital, consider the terms of the Offer to be fair and reasonable and, accordingly, unanimously recommend that PI Shareholders accept the Offer.

Please read carefully paragraph 12 below which sets out the procedure for acceptance of the Offer. Your attention is also drawn, in particular, to the conditions and further terms of the Offer set out in Appendix I to this document and, if you hold PI Shares in certificated form, in the Form of Acceptance which accompanies this document. Your attention is also drawn to the financial and other information on Poole Investments and Inland contained in Appendices II, III and IV to this document.

If you hold your PI Shares in certificated form, to accept the Offer you must complete, sign and return the Form of Acceptance, accompanied by your share certificate(s) and/or other document(s) of title, by post or (during normal business hours only) by hand to Capita Registrars so as to be received no later than 1.00 p.m. on 6 September 2007.

If you hold your PI Shares in uncertificated form (that is, in CREST), to accept the Offer you should NOT COMPLETE the Form of Acceptance but should instead take the actions set out in paragraph 12 below to transfer your PI Shares to an escrow balance.

2. The Recommended Cash Offer

The Offer, which is made on the terms and subject to the conditions set out below or referred to in Appendix I and, in the case of certificated PI Shares, in the Form of Acceptance, is being made on the following basis:

for each PI Share

6 pence in cash

The Offer is final and will not be increased. The Offer values the entire issued ordinary share capital of Poole Investments at approximately £11.1 million and represents a premium of approximately 37 per cent. over the Closing Price of 4.38 pence per PI Share on 2 July 2007, being the last Business Day prior to the commencement of the Offer Period.

The Offer also represents a premium of approximately 9 per cent. to the Closing Price of 5.5 pence per PI Share on 8 August 2007 (being the last Business Day prior to the date of this document).

The Offer extends to all PI Shares unconditionally allotted or issued and fully paid (or credited as fully paid) on the date of the Offer and any PI Shares which are unconditionally allotted or issued and fully paid whilst the Offer remains open for acceptance or by such earlier date as Inland may, subject to the City Code, decide, not being earlier than the date on which the Offer becomes unconditional as to acceptances, other than the PI Shares already owned by Inland.

The PI Shares to which the Offer relates will be acquired by Inland fully paid, or credited as fully paid, and free from all liens, equitable interests, mortgages, charges, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching to them, including all voting rights and the right to receive and retain all dividends and other distributions (if any) declared, made or paid on or after the date of this document.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable legal or regulatory requirements.

3. Information relating to Inland

The Inland Group specialises in buying 'brown field' sites, enhancing their value through obtaining planning permissions for residential or mixed-use development and selling the consented land on to developers. Prior to Inland's admission to AIM on 3 April 2007, Inland Homes acquired, obtained planning permission for, and sold, 25 building plots on two sites, producing an average annual return on equity of 122 per cent. and an average annual return on capital employed of 96 per cent.

The Inland Group's principal strategic objective is to build up a land bank which would be attractive to a major trade buyer. This will take a few years, during which time it will continue to sell certain sites where it can obtain favourable offers.

The Inland Group will continue to invest in sites varying in size and value, concentrating its activities on areas of high demand (for example, where there are good transport links or attractive residential environments) and seeking planning consents that are appropriate for the location and desirable to house builders.

The objective is to resolve all planning and technical issues so that sites may be sold on to builders on a 'ready to build' basis. The Inland Group intends to make purchases of strategic land (that is land which may in future be suitable for development) when appropriate opportunities arise. The Inland Group will also continue its strategy of investing in quoted and unquoted companies, particularly those where the share price does not reflect the potential value of the underlying property assets. It also invests in companies where the Inland Directors believe they can add value or benefit from a strategic relationship. The Company currently has interests in quoted securities and a 10 per cent. interest in a private house building company, Howarth Homes.

Inland raised £50 million (before expenses) by way of a placing when its shares were admitted to trading on AIM in April 2007. Since that time it has announced the sale of three sites in Buckinghamshire and Middlesex and the purchase of The West Wing at Ashford and St. Peter's Hospital for which Inland intends to submit a detailed planning application for 170 apartments. It has also acquired seven other sites representing approximately 152 residential plots and 25,000 ft² office accommodation. A planning application for 399 residential units and 95,000 ft² of commercial space has been submitted for Inland's site in Farnborough.

Further details and historical financial information on Inland is set out in Appendices III and IV.

4. Background to and reasons for the Offer

As stated above, Inland has specialist expertise in handling the many planning, environmental and technical issues which need to be resolved before building work can commence on a development site. The Inland Directors believe this expertise can be applied to unlock the potential value of the Property over a period of time. As an alternative to the Offer, Inland could have acquired the Property. The Poole Investments Board indicated their preference for the Offer (as opposed to the acquisition by Inland of the Property from Poole) because this would give PI Shareholders prompt cash consideration. Following detailed enquiries and negotiation of terms, Inland agreed to make the Offer on the basis set out in this document.

5. Irrevocable undertakings and interests in PI Shares

Inland has received irrevocable undertakings to accept or to procure the acceptance of the Offer from each of the Poole Investments Directors who have beneficial holdings in PI Shares, in respect of their entire holdings. Those holdings amount to, in aggregate, 7,652,854 PI Shares representing approximately 4.1 per cent. of the existing issued ordinary share capital of Poole Investments. These irrevocable undertakings will (other than the irrevocable undertaking given by David Cicurel's connected trust, which is on the terms outlined in the paragraph below) remain binding even where a third party competing offer is made for Poole Investments at a price higher than the Offer Price.

Irrevocable undertakings have also been received from Judges Capital plc in respect of 5,700,000 PI Shares (3.1 per cent. of the PI Shares in issue) and Starlight Investments Ltd. in respect of 14,250,000 PI Shares (7.7 per cent. of the PI Shares in issue). The undertakings cease to be binding if a third party competing offer is made for Poole Investments at a price which represents a premium in excess of 10 per cent. over the Offer Price. The Panel has ruled that Starlight Investments Ltd. is acting in concert with Dawnay Day (adviser to Inland) and is therefore deemed to be also acting in concert with Inland.

Inland already holds 15,821,500 PI Shares representing 8.6 per cent. of the PI Shares in issue.

Accordingly, Inland's interests, together with other PI Shares which are the subject of the irrevocable undertakings, total, in aggregate, 43,424,354 PI Shares, representing approximately 23.5 per cent. of the existing issued share capital of Poole Investments.

6. Information relating to Poole Investments

Poole Investments' primary asset is a 9.5 acre plot of land in Lower Hamworthy, Dorset, upon which resides an investment property which provides a rental income to the Company. This land forms part of the area within the Poole "Full Sail Ahead" regeneration scheme.

The Borough of Poole, with the aid of consultants, has been deciding how best to plan and progress the regeneration of this area. Borough representatives have agreed with Poole Investments that during the remainder of 2007, a series of meetings will take place to establish common ground that might enable the Company to support the regeneration by way of a formal planning application. Planning consent for this site has not yet been secured and the timing on securing such planning permission and the nature of any development is uncertain.

7. Financing the Offer

Inland proposes to finance the whole of the consideration payable pursuant to the Offer from its existing cash balances. Accordingly, the payment of interest on, repayment of or security for any liability (contingent or otherwise) will not depend to any significant extent on the business of Poole Investments.

Dawnay Day, which is acting for Inland in connection with the Offer, is satisfied that the necessary financial resources are available to Inland to satisfy full acceptance of the Offer.

8. Future intentions

If the Offer becomes, or is declared, wholly unconditional, Inland will become the holding company of Poole Investments. Inland intends to continue efforts to secure planning consents and promote the value of Poole Investments' property assets over a period of time. Inland is able to bring relevant expertise and experience to bear on the process. Poole Investments currently has limited

cash resources and income, which hinders its ability to finance certain costs and expenses in relation to the progress of its property value. Furthermore, as and when the Offer becomes unconditional, Poole Investments will have to pay professional and other costs amounting to over £600,000. As a well-funded company, Inland will be able to subscribe for new PI Shares or make finance available in other ways (on arms' length terms) to enable it to finance such costs.

Upon the Offer being declared or becoming unconditional in all respects, David Booth, David Cicurel and Tony Palmer have each agreed to step down from the Poole Investments Board.

9. Inducement fee

Inland and Poole Investments have entered into an inducement fee agreement. Under this agreement, as an inducement for Inland to make the Offer, Poole Investments has agreed to pay £100,000 (inclusive of VAT, if payable) to Inland in certain circumstances. These circumstances are, broadly, where a third party makes an offer for Poole Investments which subsequently becomes or is declared wholly unconditional or where Poole Investments disposes of the Property or if the recommendation of the Offer by the Poole Investments Directors is withdrawn or otherwise adversely modified. Further details of the inducement fee agreement are set out in paragraph 6 of Appendix IV to this document.

The Poole Investments Directors, who have been so advised by Zeus Capital, are satisfied that these inducement fee arrangements are in the best interests of PI Shareholders taken as a whole.

10. United Kingdom taxation

The following paragraphs, which are intended as a general guide only and are based on current UK tax legislation and our understanding of Her Majesty's Revenue and Customs practice, summarise certain limited aspects of the UK taxation treatment of acceptance of the Offer. They relate only to the position of certain classes of taxpayer and only to those PI Shareholders who hold their PI Shares beneficially as an investment, otherwise than under a personal equity plan or an individual savings account and who are resident or, in the case of individuals, ordinarily resident and domiciled in the UK for tax purposes. If you are in any doubt as to your taxation position, or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriate independent professional adviser immediately.

(a) Tax on chargeable gains

Liability to UK tax on capital gains will depend on the individual circumstances of each PI Shareholder. The sale by a PI Shareholder of his PI Shares for cash will constitute a disposal for the purposes of UK tax on chargeable gains which may, depending on the PI Shareholder's individual circumstances (including the availability of exemptions or allowable losses), give rise to a liability to UK tax on chargeable gains.

There are various reliefs which could apply to reduce any chargeable gain which arises, including the following:

- for individual PI Shareholders, taper relief may apply to reduce the percentage of any chargeable gain arising on the disposal of the PI Shares chargeable to tax, depending on, amongst other things, the period for which the PI Shares have been held; and
- for PI Shareholders within the charge to corporation tax, an indexation allowance may apply to reduce any chargeable gain arising on the disposal of the PI Shares. This allowance may also apply to individual PI Shareholders who held their PI Shares prior to April 1998 in respect of the period up to that date.

(b) Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No stamp duty or SDRT will be payable by PI Shareholders as a result of the Offer becoming or being declared unconditional.

11. Overseas Shareholders

The attention of Overseas Shareholders (and any person including, without limitation, any custodian, nominee or trustee who may have an obligation to forward any document in connection

with the Offer outside the United Kingdom) is drawn to paragraph 6 of Part B of Appendix I to this document and, in respect of PI Shares held in certificated form, to the relevant provisions of the Form of Acceptance.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. PI Shareholders who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable legal and regulatory requirements of their jurisdiction.

The implications of the Offer for Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document has been prepared for the purposes of complying with, and the Offer contained within this document is governed by, English law and the City Code and the information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

The Offer is not being made, directly or indirectly, in or into and is not capable of acceptance in or from any Restricted Jurisdiction. Doing so may render invalid any purported acceptance. Accordingly, neither this document nor the accompanying Form of Acceptance are being, and must not be, issued, mailed or otherwise distributed or sent in, into or from any such Restricted Jurisdiction, unless Inland, in its sole discretion, determines otherwise. Custodians, nominees and trustees should observe these restrictions and should not send or distribute this document or the accompanying documents in or into any such Restricted Jurisdiction.

12. Procedure for acceptance of the Offer

This paragraph should be read in conjunction with Parts C and D of Appendix I to this document and, in respect of PI Shares held in certificated form, the notes on the Form of Acceptance, which is deemed to be incorporated into, and form part of, the terms of the Offer.

Different procedures for acceptance apply depending upon whether your PI Shares are held in certificated or uncertificated form.

If you hold your PI Shares in certificated form (that is, not in CREST), you may only accept the Offer in respect of such shares by completing and returning the enclosed Form of Acceptance in accordance with the procedure set out in paragraph (a) below. If you hold your PI Shares in certificated form, but under different designations, you must complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by telephone on 0870 162 3121 or from outside the United Kingdom on +44 20 8639 2157.

If you hold your PI Shares in uncertificated form (that is, in CREST), you may only accept the Offer in respect of such shares by TTE instruction in accordance with the procedure set out in paragraph (b) below. If your PI Shares are held under different member account IDs, you must send a separate TTE instruction for each member account ID.

(a) *PI Shares held in certificated form (that is, not in CREST)*

(i) *To accept the Offer and receive cash for your PI Shares*

To accept the Offer and receive cash in respect of PI Shares held in certificated form, you should complete Box **1** and also sign Box **2** of the enclosed Form of Acceptance **in the presence of a witness, who should also sign in accordance with the instructions printed thereon.**

If you do not insert a number in Box **1**, a valid acceptance will be deemed to be made in respect of all of the PI Shares held by you in certificated form.

(ii) *Return of Form of Acceptance*

To accept the Offer in respect of PI Shares in certificated form, the completed and signed Form of Acceptance, together with your share certificate(s) for such PI Shares and/or other document(s) of title, should be returned by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in each case as soon as possible, **but in any event so as to arrive no later than 1.00 p.m. on 6 September 2007**. A reply-paid envelope (valid for posting in the UK only) is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Inland and its financial adviser, Dawnay Day, reserve the right to treat Forms of Acceptance contained in envelopes postmarked from any Restricted Jurisdiction or otherwise appearing to Inland or Dawnay Day to have been sent from any Restricted Jurisdiction as invalid acceptances of the Offer.

(iii) *Share Certificates not readily available or lost*

If your PI Shares are in certificated form but your share certificate(s) and/or other document(s) of title is/are lost or not readily available, you should nevertheless complete, sign and return the Form of Acceptance as stated above so as to be received by Capita Registrars by no later than 1.00 p.m. on 6 September 2007. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. If not readily available, you should then arrange for the relevant share certificate(s) and other document(s) of title to be forwarded as soon as possible thereafter. No acknowledgement of receipt of documents will be given. In the case of loss, you should write as soon as possible to Poole Investments plc's registrar, Computershare Investor Services Plc, PO Box 82, The Pavilions, Bridgewater Road, Bristol, BS99 7NH requesting a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or by hand to Capita Registrars as above.

(iv) *Validity of acceptances*

Without prejudice to Parts B and C of Appendix I to this document, Inland reserves the right, subject to the terms of the Offer and the City Code, to treat as valid, in whole or in part, any acceptance of the Offer in relation to PI Shares in certificated form which is not entirely in order or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Inland have been received.

(v) *Overseas Shareholders*

The attention of PI Shareholders holding PI Shares in certificated form who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 6 of Part B and Part C of Appendix 1 to this document and to the relevant provisions of the Form of Acceptance.

The Offer is not being made, directly or indirectly, in or into or by use of the mails, or any means of instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Jurisdiction where to do so would violate the relevant rules of that jurisdiction. Accordingly, copies of this document and the Form of Acceptance are not being and must not be mailed or otherwise distributed or sent in, into or from any such Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not

distribute or send them in, into or from any such Restricted Jurisdiction. Doing so may invalidate any proposed acceptance of the Offer. Any acceptance of the Offer by acceptors who are unable to give the warranty set out in paragraph (c) of Part C of Appendix I may be deemed not to be valid. Notwithstanding the above, the Offer extends to all overseas shareholders if it is or becomes (for example as a result of local regulatory exemptions or consents) legitimate for such shareholders to accept it.

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

(b) *PI Shares in uncertificated form (that is, in CREST)*

If you hold your PI Shares in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the PI Shares in uncertificated form in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying Capita IRG Plc (in its capacity as a CREST participant under the participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. on 6 September 2007. You should note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and should therefore ensure you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph (b) will (subject to satisfying the requirements set out in Parts B and D of Appendix I) constitute an acceptance of the Offer in respect of the number of PI Shares in uncertificated form so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your PI Shares in uncertificated form.

After settlement of a TTE instruction, you will not be able to access the PI Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the PI Shares concerned to itself in accordance with Part D of Appendix I to this document.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your PI Shares in uncertificated form to settle prior to 1.00 p.m. on 6 September 2007. In this regard you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *To accept the Offer and receive cash for your PI Shares*

To accept the Offer and receive cash in respect of PI Shares held in uncertificated form, you should send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares.

A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the number of PI Shares in uncertificated form in respect of which you wish to accept the Offer and receive cash (i.e. the number of PI Shares to be transferred to an escrow balance);

- the ISIN of PI Shares which is GB0007176901;
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent. This is RA10;
- the member account ID of the Escrow Agent for the Offer in its basic terms. This is INLPOO01;
- the corporate action number of the Offer which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- input with standard delivery instructions of priority 80;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 6 September 2007; and
- the contact name and telephone number inserted in the shared note field.

(ii) *Validity of acceptances*

A Form of Acceptance which is received in respect of PI Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded. Holders of PI Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before that date.

(iii) *Overseas Shareholders*

The attention of PI Shareholders holding PI Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 6 of Part B and paragraph (b)(ii) of Part D of Appendix I.

The Offer is not being made, directly or indirectly, in or into or by use of the mails, or any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Jurisdiction where to do so would violate the relevant rules of that jurisdiction. Accordingly, copies of this document and the Form of Acceptance are not being and must not be mailed or otherwise distributed or sent in, into or from any such Restricted Jurisdiction and persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them in, into or from any such Restricted Jurisdiction. Doing so may invalidate any proposed acceptance of the Offer. Any acceptance of the Offer by acceptors who are unable to give the warranty set out in paragraph (b)(ii) of Part D of Appendix I may be deemed not to be valid. Notwithstanding the above, the Offer extends to all overseas shareholders if it is or becomes (for example as a result of local regulatory exemptions or consents) legitimate for such shareholders to accept it.

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

(c) *General*

Inland will make an appropriate announcement if any of the details contained in paragraphs (a) or (b) above change for any reason.

Normal CREST procedures (including timings) apply in relation to any PI Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of PI Shares or otherwise). Holders of PI Shares who are

proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 6 September 2007.

If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars by telephone on 0870 162 3121 or if calling from outside the UK +44 20 8639 3399 (calls to the shareholder helpline maybe monitored and recorded) or at the address in paragraph 12 above. You are reminded that if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

13. Settlement

Subject to the Offer becoming or being declared unconditional in all respects (except as provided in paragraph 6 of Part B of Appendix I to this document in the case of certain Overseas Shareholders) settlement of the consideration to which any PI Shareholder is entitled under the Offer will be effected by the despatch of cheques or by crediting CREST accounts (as applicable): (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 days of such date; or (ii) in the case of acceptances of the Offer received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while it remains open for acceptance, within 14 days of such receipt, and in either case in the following manner:

(a) *PI Shares in uncertificated form (that is, in CREST)*

Where an acceptance relates to PI Shares in uncertificated form (that is, in CREST) the cash consideration to which the accepting PI Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting PI Shareholder's payment bank in accordance with CREST assured payment arrangements. Inland reserves the right to settle all or any part of the consideration referred to in this paragraph 13 for all or any accepting PI Shareholder(s), in the manner referred to in paragraph (b) below, if, for any reason, it wishes to do so.

(b) *PI Shares in certificated form (that is, not in CREST)*

Where an acceptance relates to PI Shares in certificated form, the cash consideration to which the accepting PI Shareholder is entitled will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting PI Shareholders or their appointed agents (but not into any Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

(c) *General*

If the Offer lapses or is withdrawn:

- (i) in the case of PI Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address (outside any Restricted Jurisdiction) is set out in Box [1] or, if appropriate, Box [3] or [5] on the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (outside any Restricted Jurisdiction); and
- (ii) in the case of PI Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing or withdrawal of the Offer (or within such longer period as the Panel may approve, not exceeding 14 days of the lapsing or withdrawal of the Offer), give TFE instructions to Euroclear to transfer all PI Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the PI Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from PI Shareholders or their appointed agents will be sent at their own risk.

14. Compulsory acquisition and cancellation of trading on AIM

If Inland receives acceptances under the Offer in respect of, and/or otherwise acquires, in aggregate both 90 per cent. or more in value of the PI Shares to which the Offer relates and 90 per cent. or more of the voting rights carried by those shares, Inland intends to apply the procedures set out in sections 979 to 982 (inclusive) of the Companies Act 2006 to acquire compulsorily the remaining PI Shares on the same terms as the Offer.

Following the Offer becoming or being declared unconditional in all respects and subject to any applicable requirements of the London Stock Exchange, if Inland acquires or agrees to acquire, by virtue of its shareholding and acceptances of the Offer, issued share capital carrying 75 per cent. or more of the voting rights of Poole Investments, Inland intends to procure that Poole Investments applies to the London Stock Exchange for the cancellation of PI Shares from trading on AIM. It is anticipated that such cancellation will take effect no earlier than 20 Business Days after the Offer becomes or is declared unconditional in all respects. The cancellation of trading of PI Shares will significantly reduce the liquidity and marketability of any PI Shares not acquired by Inland.

It is also proposed that, following the Offer becoming or being declared unconditional in all respects, Poole Investments will be re-registered as a private company.

15. Offer timetable and postal delays

Due to the threatened postal strikes, the Panel has requested that the first closing date of the Offer will be 6 September 2007, being 28 days after this document is posted, and acceptances will not be capable of withdrawal until 27 September 2007 (subject to the Offer becoming unconditional earlier).

Copies of the Offer Document are available from the offices of Dawnay, Day Corporate Finance Limited at 17 Grosvenor Gardens, London SW1W 0BD and from Inland's website at www.inlandplc.com.

16. Further information

Your attention is drawn to the further information in the Appendices, which form part of this document, and to the accompanying Form of Acceptance which should be read in conjunction with this document.

17. Action to be taken

To accept the Offer in respect of PI Shares in certificated form, you should sign and return the Form of Acceptance, together with your share certificate(s) or other document(s) of title, by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to arrive by no later than 1.00 p.m. on 6 September 2007.

If your PI Shares are in uncertificated form, to accept the offer, you should NOT return the Form of Acceptance but should instead take the action set out in paragraph 12 above to transfer your PI Shares to an escrow balance.

Yours faithfully,
for and on behalf of Inland plc

Stephen Wicks
Chief Executive

APPENDIX I

Conditions and further terms of the Offer

Part A: Conditions of the Offer

The Offer is subject to the following conditions (none of which shall apply to environmental matters):

1. valid acceptances being received (and not, where permitted, withdrawn) by 1.00 p.m. on the First Closing Date (or such later time(s) and/or date(s) as Inland may, subject to the rules of the Code or with the consent of the Panel, decide), in respect of not less than 90 per cent. in nominal value (or such lesser percentage as Inland may decide) of the PI Shares to which the Offer relates, provided that this condition shall not be satisfied unless Inland and/or its wholly owned subsidiaries shall have acquired or agreed to acquire, whether pursuant to the Offer or otherwise, PI Shares carrying, in aggregate, more than 50 per cent. of the voting rights normally exercisable at general meetings of the Company, including for this purpose (to the extent, if any, required by the Panel) any such voting rights attaching to any PI Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any subscription rights, conversion rights or otherwise. For the purposes of this condition:
 - (a) the expression “PI Shares to which the Offer relates” shall be construed in accordance with sections 978-982 (inclusive) of the Companies Act 2006; and
 - (b) PI Shares which have been unconditionally allotted shall be deemed to carry the voting rights which they will carry on issue;
2. no government or governmental, quasigovernmental, supranational, statutory or regulatory or investigative body (but excluding any environmental body) or any court (each a “Third Party”), prior to the date when the Offer becomes otherwise unconditional in all respects, having taken, instituted or implemented, and there not continuing to be outstanding, any action, proceeding, suit, or formal investigation or having enacted, made or proposed any statute, regulation or order that would or might reasonably be expected to:
 - (a) make the Offer or the acquisition of any PI Shares, or the acquisition by Inland or members of the Inland Group of any shares in or control of PI, void, unenforceable or illegal or directly or indirectly restrict, restrain, prohibit, delay or otherwise challenge or interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge the Offer or the acquisition of any PI Shares or the acquisition of control of PI; or
 - (b) require, prevent or delay a divestiture by any member of the Inland Group of any PI Shares; or
 - (c) impose any limitation on the ability of Inland or the Inland Group to conduct all or any material portion of its businesses or to own all or any material portion of their respective assets or property to an extent which in each case would be material; or
 - (d) save pursuant to the Offer, require any member of the Inland Group to acquire or to offer to acquire any PI Shares owned by any third party; or
 - (e) otherwise affect adversely the business profits or prospects of any member of the Inland Group or any member of the Wider Poole Investments Group to an extent which is materialand all applicable waiting and other time periods during which any Third Party could decide to take, implement or institute any such action, proceedings, suit or formal investigation under the laws of any jurisdiction having expired, lapsed or been terminated;
3. all necessary filings having been made in respect of the Offer and all required authorisations, orders, grants, recognitions, confirmations, consents, clearances, licences, permissions, exemptions and approvals (each an “Authorisation”) necessary or reasonably appropriate or required for or in respect of the Offer (including, without limitation, implementation and financing (which term includes, without limitation, any borrowing of any monies, the giving of any guarantee or security and the investment of the proceeds thereof or any other monies by any member of the Inland Group in the Wider Poole Investments Group and Inland’s investment in PI Shares)) or the proposed acquisition of any shares in, or control of, Poole Investments by Inland being obtained on terms and in a form satisfactory to Inland (acting reasonably) from all appropriate Third Parties with whom any member of the Inland Group or the Wider Poole Investments Group has entered into contractual arrangements, where the absence of such would have a material adverse effect on the Inland Group or the Wider Poole

Investments Group as the case may be and all such Authorisations remaining in full force and effect at the time at which the Offer becomes otherwise unconditional in all respects and no notice of any intention to revoke, suspend, restrict, modify or not renew any of the same having been received (which in each case would have a material adverse effect on the Wider Poole Investments Group) and all necessary filings having been made and all appropriate waiting periods (including any extension thereof) under any applicable legislation and regulation in any jurisdiction having expired, lapsed or been terminated, in each case as may be necessary in connection with the Offer under the laws or regulations of any jurisdiction and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

4. there being no provision of any agreement, arrangement, licence, permit or other instrument (each an "Arrangement") to which any member of the Wider Poole Investments Group is a party or by or to which any such member or any of its assets may be bound, entitled or be subject which, as a direct result of the acquisition by Inland of the PI Shares or any of them, or change in the management or control of Poole Investments or the acquisition of control of Poole Investments by Inland will, or might reasonably be expected to, result in:

- (a) any monies borrowed by, or any other indebtedness (actual or contingent) of any such member being or becoming repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such Arrangement, or the ability of any such member to borrow monies or incur any indebtedness under any such Arrangement being withdrawn or inhibited; or
- (b) any such Arrangement being or becoming capable of being terminated or adversely modified or affected in any material respect or any onerous obligation arising or any materially adverse action being taken or arising thereunder; or
- (c) the interests or business of any such member in or with any other person, firm, company or body (or any arrangements relating to such interests or business) being terminated, modified or adversely affected in a material respect; or
- (d) any assets of any such member being or failing to be disposed of or charged in any manner howsoever, or any right arising under which any such asset or interest could be required to be disposed of or charged in any manner howsoever; or
- (e) the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member, or any such security (whenever arising or having arisen) becoming enforceable; or
- (f) the value or financial or trading prospects of any such member being prejudiced or adversely affected in a material respect (in either case); or
- (g) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (h) the creation of liabilities by any such member which will or might reasonably be expected to have a material adverse effect on the Wider Poole Investments Group taken as a whole

in each case, which will or might reasonably be expected to have a material adverse affect on the Wider Poole Investments Group, taken as a whole;

5. since 31 May 2007, and save as Disclosed prior to the date hereof, no member of the Wider Poole Investments Group having:

- (a) issued or authorised or proposed the issue of additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or securities or redeemed, purchased or reduced any part of its share capital; or
- (b) recommended, declared, paid or made or proposed to declare, pay or make any bonus, dividend or other distribution in respect of the share capital of the Company; or
- (c) merged with any body corporate or authorised or proposed or announced any intention to propose any merger, demerger, acquisition, disposal, transfer, mortgage or charge of or granting of any security over assets or shares (otherwise than in the ordinary course of business); or
- (d) authorised or proposed or announced its intention to propose any change in its share or loan capital; or
- (e) announced any proposal to purchase any of its own shares or purchased any such shares; or

- (f) issued, authorised or proposed the issue of any debentures or (save in the ordinary course of business) incurred or increased any indebtedness or become subject to any contingent liability which is material; or
 - (g) entered into any contract or commitment (whether in respect of capital expenditure or otherwise) which is of a long term or unusual nature or which involves or could involve an obligation of a nature or magnitude which is material otherwise than in the ordinary course of business; or
 - (h) entered into any Arrangement which would be restrictive on the business of any member of the Wider Poole Investments Group and would have a material effect on the business of the Wider Poole Investments Group taken as a whole otherwise than in the ordinary course of business; or
 - (i) entered into or varied the terms of any service agreement with any of the Poole Investments Directors except as Disclosed; or
 - (j) acquired, disposed of or transferred, mortgaged or charged or encumbered or created any security interest over any asset or any right, title or interest in any asset (including, without limitation, shares and trade investments) or entered into any contract, reconstruction, amalgamation, commitment or other transaction or arrangement otherwise than in the ordinary course of business; or
 - (k) waived or compromised any claim otherwise than in the ordinary course of business; or
 - (l) proposed any voluntary winding up or taken any corporate action or had any order made for its winding up, dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues; or
 - (m) entered into any Arrangement to, or passed any resolution with respect to, or announced any intention to, or to propose to, effect any of the transactions or events referred to in this condition 5; or
6. since 31 May 2007, and save as Disclosed:
- (a) no material adverse change in the business, financial or trading position or profits or assets or business, financial or trading prospects of the Company having occurred; and
 - (b) no contingent or other liability having arisen which would or might reasonably affect Poole Investments or any member of the Wider Poole Investments Group materially and adversely, or having increased by an amount which is material to Poole Investments or the Wider Poole Investments Group taken as a whole; and
 - (c) no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted or threatened by or against or remaining outstanding against Poole Investments or any member of the Wider Poole Investments Group or to which Poole Investments or any member of the Wider Poole Investments Group is party (whether as plaintiff or defendant or otherwise) and which, in any case, is or might reasonably be expected to be material; and
 - (d) no matter or matters having arisen or been disclosed (whether or not connected) which individually does not or may not constitute an event of sufficient materiality to constitute a breach of any one of conditions 6(a) to 6(c), but which, when taken in aggregate are material in the context of the Offer or the Wider Poole Investments Group taken as a whole; or
7. Inland not having discovered (save as Disclosed):
- (a) that any financial or business or other information concerning the Company which has been disclosed at any time, whether publicly or otherwise, is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading or that any contingent liability disclosed in such information would or might materially and adversely affect directly or indirectly the business, profits or prospects of Poole Investments and which was not, if material, corrected by subsequent public announcement made before the date hereof; or
 - (b) that any member of the Wider Poole Investments Group and which is not a subsidiary undertaking of Poole Investments is subject to any liability, contingent or otherwise, which is or might reasonably be expected to be material, and which is not and should have been disclosed in Poole Investments' annual report and accounts for the year ended 31 May 2007; or

- (c) any information which materially affects the import of any information disclosed by or on behalf of any member of the Wider Poole Investments Group to or on behalf of any member of the Wider Poole Investments Group;

and, in each case, the consequence of the information subsequently discovered would, or would reasonably be expected to, have a material adverse effect on the Wider Poole Investments Group taken as a whole or in the context of the Offer.

Inland reserves the right to waive, in whole or in part, all or any of the conditions set out in this Part A apart from the condition set out in paragraph 1 of Part A. If Inland is required by the Panel to make an offer for PI Shares under the provisions of Rule 9 of the Code, Inland may make such alterations to the above conditions, including the condition in paragraph 1 of Part A, as are necessary to comply with the provisions of that rule.

Part B: Further terms of the Offer

Except where the context otherwise requires, references in this Part B and Parts C and D of this Appendix and in the Form of Acceptance (i) to the Offer shall mean the Offer and shall include any revision or extension thereof and (ii) to the Offer becoming unconditional shall include references to the Offer becoming or being declared unconditional and shall be construed as references to the Offer becoming or being declared unconditional as to acceptances whether or not any other condition of the Offer remains to be fulfilled.

References to acceptance of the Offer shall include deemed acceptance of the Offer.

1. Acceptance period

- (a) The Offer will initially remain open for acceptance until 1.00 p.m. on 6 September 2007. Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as may be permitted by the Panel) from the date of posting of written notification of the revision to PI Shareholders. Except with the consent of the Panel, no such written notification of the revision of the Offer may be posted to PI Shareholders after 24 September 2007 or, if later, the date which is 14 days before the last date on which the Offer can become unconditional.
- (b) The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable of becoming unconditional after midnight on 8 October 2007 (or on any earlier date beyond which Inland has stated (and not, where permitted, withdrawn such statement) that the Offer will not be extended), nor of being kept open after that time unless it has previously become unconditional. However, Inland reserves the right, with the permission of the Panel, to extend the Offer to a later time and/or date. Except with the consent of the Panel, Inland may not, for the purpose of determining whether the condition as to acceptances set out in paragraph (a) of Part A of this Appendix (the “acceptance condition”) has been satisfied, take into account acceptances received or purchases of PI Shares in respect of which all relevant electronic instructions or documents are received by Capita Registrars after 1.00 p.m. on 8 October 2007 (or any earlier time or date beyond which Inland has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) or such later time and/or date as the case may be to which the Offer has been extended. If the Offer is extended beyond midnight on 8 October 2007, acceptances received and purchases made in respect of which relevant electronic instructions or documents have been received by Capita Registrars after 1.00 p.m. on the relevant date may (except where the City Code otherwise permits) only be taken into account with the agreement of the Panel.
- (c) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated that the Offer will remain open until further notice, then not less than 14 days’ notice will be given prior to the closing of the Offer.
- (d) If a competitive situation arises after Inland has given a “no extension” statement or a “no increase” statement (as referred to in the City Code), Inland may (if it has specifically reserved the right to do so at the time such statement was made or otherwise with the consent of the Panel) choose not to be bound by the terms of such statement, provided that notice is given to that effect as soon as possible and in any event within four Business Days after the announcement of the competing offer and PI Shareholders are informed in writing thereof or, in the case of PI Shareholders with registered addresses outside the United Kingdom or whom Inland knows to be nominees holding PI Shares for such persons, by announcement in the United Kingdom at the earliest practicable opportunity. If Inland has given a “no increase” statement or a “no extension” statement, Inland may (if it has specifically reserved the right to do so at the time such statement was made or in such other circumstances as may be permitted by the Panel) choose not to be bound by the terms of such statement if it would otherwise prevent the posting of an increased or improved Offer which is recommended for acceptance by the Board of Poole Investments.
- (e) If a competitive situation arises and is continuing on 8 October 2007, Inland will enable holders of PI Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by a special form of acceptance to take effect on 8 October 2007. It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that (i) it is received by Capita Registrars on or before 8 October 2007, (ii) the relevant PI Shareholder shall have applied to withdraw his acceptance of the competing offer but that the PI Shares to which such withdrawal relates shall not have been released from escrow before 8 October 2007 by the escrow agent to the competing offer and (iii) the PI Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the

letter from Inland contained in this document on or before 8 October 2007, but an undertaking is given that they will be so transferred as soon as possible thereafter. PI Shareholders wishing to use such forms of acceptance should apply to Capita Registrars on 0870 162 3121 between 9.00 a.m. and 5.00 p.m. on the Business Day preceding 8 October 2007 in order that such forms can be despatched. Notwithstanding the right to use such special form of acceptance, holders of PI Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

- (f) For the purpose of determining at any particular time whether the acceptance condition has been satisfied, Inland shall not be bound (unless otherwise required by the Panel) to take into account any PI Shares which have been unconditionally allotted or issued before such time unless Capita Registrars has received written notice on behalf of Inland from Poole Investments or its agents, at the address specified in paragraph 3(a) below of the relevant details of such allotment or issue before that time. Notification by telex or facsimile or other electronic transmission will not be sufficient notice for these purposes.

2. Announcements

- (a) By 8.00 a.m. on the Business Day (the “**relevant day**”) next following the day on which the Offer is due to expire or becomes unconditional or is revised or extended, Inland will make an appropriate announcement to a Regulatory Information Service of the position. Such announcement will also state (unless otherwise permitted by the Panel):
 - (i) the total number of PI Shares and rights over PI Shares (as nearly as practicable) for which acceptances of the Offer have been received, specifying the extent to which acceptances have been received from persons acting in concert with Inland or in respect of shares which are the subject of an irrevocable commitment or letter of intent procured by Inland or its associates;
 - (ii) details of any relevant securities (as defined by the City Code) of Poole Investments in which Inland or any person acting in concert with it has an interest or in respect of which any such person has a right to subscribe and details of any short positions in such securities held by any such person;
 - (iii) details of any relevant securities of Poole Investments in respect of which Inland or any of its associates has an outstanding irrevocable commitment or letter of intent;
 - (iv) details of any relevant securities of Poole Investments which Inland or any person acting in concert with it has borrowed or lent, other than any borrowed shares which have been on-lent or sold; and
 - (v) a prominent statement the total number of shares which Inland may count towards satisfaction of the acceptance condition,

and will specify in each case the percentage of each class of relevant securities of Poole Investments represented by these figures.

Any decision to extend the date and/or time by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day (or such later time and/or date as the Panel may agree) and the announcement will state the next expiry time and date (unless the Offer is then unconditional, in which case the announcement may state that the Offer will remain open until further notice). In computing the number of shares which Inland may count towards satisfaction of the acceptance condition, there may, at the discretion of Inland, be included or excluded for announcement purposes acceptances and purchases which are not complete in all respects or are subject to verification provided that such acceptances or purchases of PI Shares may only be included if they could be counted towards fulfilling the acceptance condition in accordance with paragraph 5(j) below.

- (b) References in this Appendix to the making of an announcement or giving of notice by Inland include the release of an announcement by public relations consultants or by Dawnay Day, in each case on behalf of Inland, to the press and the delivery or facsimile or other electronic transmission of an announcement to an RIS. An announcement made otherwise than to an RIS will be notified simultaneously to an RIS.

3. Rights of withdrawal

- (a) If Inland, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. on the relevant day (or such later time and/or date as the Panel may agree) with any of the other requirements specified in paragraph 2(a) above, an accepting certificated PI Shareholder may immediately thereafter withdraw

his acceptance by written notice (as defined in paragraph 3(e) below) given by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU on behalf of Inland. Alternatively, in the case of PI Shares in uncertificated form, withdrawals can be effected in the manner set out in paragraph 3(f) below. Subject to paragraph 1(b) above, this right of withdrawal may be terminated not less than eight days after the relevant day by Inland confirming, if it is the case, that the Offer is still unconditional and complying with the other requirements specified in paragraph 2(a) above. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(c) above will run from the date of such confirmation and compliance.

- (b) If by 1.00 p.m. on 27 September 2007 (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting PI Shareholder may withdraw his acceptance at any time thereafter at the address and in the manner referred to in paragraph 3(a) above (or, in the case of PI Shares in uncertificated form, in the manner set out in paragraph 3(f) below) before the earlier of:
- (i) the time that the Offer becomes unconditional; and
 - (ii) the final time for lodgement of acceptances which can be taken into account in accordance with paragraph 1(b) above.

If the Panel determines that Poole Investments is not permitted to invoke, or cause or permit Inland to invoke, a condition to the Offer, it may instead determine that PI Shareholders shall be entitled to withdraw their acceptances on such terms and by such time as the Panel may determine and notwithstanding that the Offer has become unconditional as to acceptances. The Panel may also determine that the timetable applicable to the Offer shall be varied in such manner as it may determine. Exercise of such withdrawal rights by accepting PI Shareholders could result in the Offer, if it has by then become unconditional as to acceptances, ceasing to be unconditional as to acceptances.

- (c) If after a competitive situation has arisen Inland chooses not to be bound by a “no extension” statement or a “no increase” statement in accordance with paragraph 1(d) above, any PI Shareholder who accepts the Offer after the date of such statement may withdraw his acceptance thereafter at the address and in the manner referred to in paragraph 3(a) above (or, in the case of PI Shares held in uncertificated form, in the manner set out in paragraph 3(f) below) not later than the eighth day after the date of posting of written notice to that effect by Inland to the relevant PI Shareholders.
- (d) Except as provided by this paragraph 3, acceptances of the Offer shall be irrevocable.
- (e) In this paragraph 3 “**written notice**” (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting PI Shareholder(s) or their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice). Notification by telex or email or facsimile or other electronic transmissions or copies will not be sufficient to constitute written notice. No notice which is postmarked in or otherwise appears to have been sent from any Restricted Jurisdiction will be treated as valid.
- (f) In the case of PI Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraphs 3(a), (b) or (c) above, an accepting PI Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
- the number of PI Shares to be withdrawn;
 - together with their ISIN number, which is GB0007176901;
 - the member account ID of the accepting shareholder, together with his participant ID;
 - the member account ID of the Escrow Agent included in the relevant Electronic Acceptance, which is INLPOO01 in respect of the offer;
 - Escrow Agent’s participant ID, which is RA10;
 - the CREST transaction ID of the Electronic Acceptance to be withdrawn to be inserted at the beginning of the shared note field;
 - the intended settlement date for the withdrawal;
 - the corporate action number for the Offer which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
 - input with standard delivery instruction priority of 80; and
 - the contact name and telephone number in the shared note field.

Any such withdrawal will be conditional upon Capita Registrars verifying that the withdrawal request is validly made. Accordingly, Capita Registrars will, on behalf of Inland, reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

4. Revised Offer

- (a) The Offer is final and will not be increased, save with consent of the Panel. If the Offer (in its original or any previously revised form(s)) is revised (either in its terms or conditions or in the value or form of the consideration offered or otherwise revised) and such revision represents on the date on which such revision is announced (on such basis as Dawnay Day may consider appropriate) an improvement (or no diminution) in the value of the consideration or the terms of the Offer as so revised compared with that previously offered, the benefit of the revised Offer will (subject to paragraphs 4(b), 4(c) and 6 below) be made available to a PI Shareholder who has accepted the Offer (in its original or previously revised form(s)) and not previously withdrawn such acceptance (a “**Previous Acceptor**”).

The acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided below, be deemed an acceptance of the Offer as so revised and shall also constitute a separate appointment of Inland or Dawnay Day or any director of either as his attorney and agent to accept any such revised Offer on behalf of such Previous Acceptor and, if such revised Offer includes alternative forms of consideration, to make elections and/or accept such alternative forms of consideration in such proportions as such attorney and/or agent in his absolute discretion thinks fit and to execute on behalf of and in the name of such Previous Acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such acceptance or election, such attorney and/or agent shall take into account the nature of any previous acceptances and/or elections made by the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.

- (b) The deemed acceptances and/or elections referred to in paragraph 4(a) above shall not apply and the authorities conferred by paragraph 4(a) above shall not be exercised if, as a result thereof, a Previous Acceptor would (on such basis as Dawnay Day may advise Inland) receive less in aggregate consideration than he would have received as a result of his acceptance of the Offer in the form in which it was originally accepted by him or on his behalf.
- (c) The deemed acceptances and/or elections referred to in paragraph 4(a) above shall not apply and the authorities conferred by paragraph 4(a) above shall be ineffective to the extent that a Previous Acceptor (i) in respect of PI Shares in certificated form, shall lodge, within 14 days of the posting of the document pursuant to which the revision of the Offer referred to in paragraph 4(a) above is made available to the PI Shareholders (or such later date as Inland may determine), a form in which he validly elects to receive the consideration receivable by him under that revised Offer in some other manner than that set out in his original acceptance or (ii) in respect of PI Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA instruction must, in order for it to be valid and settle, include the following details:

- the number of PI Shares in respect of which the changed election is made, together with their ISIN number, which is GB0007176901;
- the member account ID of the Previous Acceptor, together with his participant ID;
- the member account ID of the Escrow Agent included in the relevant Electronic Acceptance, which is INLPOO01, together with the Escrow Agent’s participant ID, which is RA10;
- the CREST Transaction ID of the Electronic Acceptance in respect of which the election is to be changed to be inserted at the beginning of shared note field;
- the intended settlement date for the changed election;
- the corporate action number for the Offer which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- input with standard delivery instruction priority of 80; and,

in order that the desired change of election can be effected, must include:

- the member account ID of the Escrow Agent relevant to the new election;
- the participant ID of the Escrow Agent which is RA10; and
- input with standard delivery instruction priority 80.

Any such change of election will be conditional upon Capita Registrars verifying that the request is validly made. Accordingly, Capita Registrars will, on behalf of Inland, reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

- (d) Subject to paragraphs 4(a), 4(b) and 4(c) the authorities referred to in this paragraph 4 and any acceptance of a revised Offer and/or election pursuant thereto shall be irrevocable unless and until the Previous Acceptor becomes entitled to withdraw his acceptance under paragraph 3 above and duly does so.
- (e) Inland reserves the right to treat an executed Form of Acceptance or TTE Instruction relating to the Offer (in its original or any previously revised form(s)) which is received after the announcement or issue of the Offer in any revised form as a valid acceptance of the revised Offer and such acceptance shall constitute an authority in the terms of this paragraph 4 mutatis mutandis on behalf of the relevant PI Shareholder.

5. General

- (a) Except with the consent of the Panel, the Offer will lapse unless all the conditions (other than the acceptance condition) have been fulfilled by or (if capable of waiver) waived by or (where appropriate) determined by Inland in its reasonable opinion to be or to remain satisfied as at midnight on 27 September 2007 or within 21 days after the date on which the Offer becomes or is declared unconditional, whichever is the later or such later date as Inland, with the consent of the Panel, may decide. If the Offer is referred to the Competition Commission before the later of 6 September 2007 and the date when the Offer becomes or is declared unconditional, the Offer will lapse. If the Offer lapses for any reason, the Offer will cease to be capable of further acceptance and PI Shareholders who have accepted the Offer and Inland will cease to be bound by acceptances delivered on or before the date on which the Offer so lapses.
- (b) All communications, notices, certificates, documents of title and remittances to be delivered by or to or sent to or from PI Shareholders or as otherwise directed will be delivered by or to or sent to or from them (or their designated agents) at their risk.
- (c) The expression “Offer Period” when used in this document means the period commencing on 3 July 2007 until whichever of the following dates shall be the latest: (i) 6 September 2007, (ii) the date on which the Offer lapses and (iii) the date on which the Offer becomes unconditional.
- (d) All references in this document and in the Form of Acceptance to “6 September 2007” shall (except in paragraphs 1(a) and 5(c) above and where the context otherwise requires), if the expiry date of the Offer shall be extended, be deemed to refer to the expiry date of the Offer as so extended.
- (e) Except with the consent of the Panel, settlement of the consideration to which any PI Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Inland may otherwise be, or claim to be, entitled as against such PI Shareholder.
- (f) The instructions, authorities and provisions contained in, or deemed to be incorporated in, the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance unless the context otherwise requires.
- (g) The Offer and all acceptances thereof and all elections thereunder or pursuant thereto and the Form of Acceptance, Electronic Acceptance and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law.
- (h) Any omission to despatch this document, the Form of Acceptance or any notice required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 6 below, the Offer extends to any such person and to all PI Shareholders to whom this document and the Form of Acceptance may not have been despatched or by whom such documents may not be received and such persons may collect the relevant documents from Capita Registrars at its address set out in paragraph 3(a) above.
- (i) Inland and Capita Registrars reserve the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places or in any manner determined by either of them otherwise than as stated in this document or in the Form of Acceptance.

- (j) Notwithstanding the right reserved by Inland to treat an acceptance of the Offer as valid even though (in the case of PI Shares held in certificated form) the relevant Form of Acceptance is not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title or not accompanied by the relevant TTE Instruction except with the consent of the Panel:
- (i) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 of Rule 10 of the City Code are satisfied in respect of it;
 - (ii) a purchase of PI Shares by Inland or its nominee(s) (or, if Inland is required to make an offer under Rule 9 of the City Code, a person acting in concert with Inland) will only be counted towards fulfilling the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 of Rule 10 of the City Code are satisfied in respect of it; and
 - (iii) PI Shares which have been borrowed by Inland will not be counted towards fulfilling the acceptance condition.

Save as set out in paragraphs 1(e) and 4(c) above and 6(d) below, the Offer may not be accepted otherwise than by means of a Form of Acceptance or TTE Instruction.

- (k) Except with the consent of the Panel, the Offer will not become unconditional unless Capita Registrars has issued a certificate to Inland or Dawnay Day (or their respective agents) which states the number of PI Shares in respect of which acceptances have been received and the number (if any) of PI Shares otherwise acquired, whether before or during the Offer Period, which comply with paragraph 5(j) above. Copies of such certificate will be sent to the Panel and to Dawnay Day as soon as possible after it is issued.
- (l) If the Offer does not become unconditional in all respects:
- (i) in respect of PI Shares held in certificated form, the share certificate(s) and/or other document(s) of title will be returned by post (or such other method as may be approved by the Panel) within 14 days of the Offer lapsing, at the risk of the PI Shareholder concerned, to the person or agent whose name and address is set out in the Form of Acceptance or, if no address is set out, to the first-named holder at his registered address; and
 - (ii) in respect of PI Shares held in uncertificated form, Capita Registrars will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days after the lapsing of the Offer), give instructions to Euroclear to transfer all PI Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the PI Shareholders concerned.
- (m) For the purposes of this document, the time of receipt of a TTE Instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (n) All powers of attorney and authorities on the terms conferred by or referred to in this Part B or in the Form(s) of Acceptance are given by way of security for the performance of the obligations of the PI Shareholder concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971, except in the circumstances where the donor of such power of attorney or authority validly withdraws his acceptance in accordance with paragraph 3 above.
- (o) If sufficient PI Shares are acquired by Inland, whether pursuant to acceptances of the Offer or otherwise, Inland intends to apply the procedures set out in sections 979 to 982 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding PI Shares. If Inland acquires or agrees to acquire, by virtue of its shareholding and acceptances of the Offer, issued share capital carrying 75 per cent. or more of the voting rights of Poole Investments, Inland intends to procure that Poole Investments applies for cancellation of the trading in PI Shares on AIM. This is expected to occur not less than 20 Business Days following Inland first having acquired or agreed to acquire such issued ordinary share capital.
- (p) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or other document(s) of title, or of any TTE Instruction will be given by Inland or Dawnay Day or any of their respective agents.
- (q) The Offer is made by means of this document at 12 noon on 9 August 2007 and is capable of acceptance from and after that time. For the avoidance of doubt, the Offer extends to persons to whom the Offer is

made or should be made but to whom the document, the Form of Acceptance or any related documents may not be despatched or who may not receive any such documents. Copies of this document, the Form of Acceptance and any related documents are available for collection (during normal business hours only) from Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone on 0870 162 3121 or from outside the United Kingdom on +44 20 8689 2157.

- (r) In relation to any acceptance of the Offer in respect of a holding of PI Shares which are held in uncertificated form in CREST, Inland reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise to confer on Inland or, as the case may be, the relevant PI Shareholder the benefits and entitlements provided for under the terms of the Offer, provided that such alterations, additions or modifications are consistent with the requirements of the City Code or are otherwise made with the consent of the Panel.

6. Overseas Shareholders

- (a) The making of the Offer in, or to, certain persons who are citizens, residents or nationals of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdiction. PI Shareholders in that position should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any such person wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction or territory in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such shareholder will be responsible for any payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction by whomsoever payable, and Inland and Dawnay Day and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such shareholder for any such issue, transfer or other taxes as such person may be required to pay.

If you are an Overseas Shareholder and are in any doubt as to your position, you should consult your independent financial adviser in the relevant jurisdiction.

- (b) In particular, the Offer is not being made, directly or indirectly, into any Restricted Jurisdiction or by use of the mails or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of any Restricted Jurisdiction. This includes, but is not limited to, the post, facsimile transmission, e-mail, telex and telephone. The Offer cannot be accepted by any such use, means or instrumentality or from within any Restricted Jurisdiction. Accordingly, copies of this document, with the Form of Acceptance and any related offering documents, are not being mailed or otherwise distributed or sent into any Restricted Jurisdiction, including to PI Shareholders with registered addresses in any Restricted Jurisdiction, or to persons whom Inland knows to be nominees, trustees or custodians holding PI Shares for such persons.

Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them in, into or from any Restricted Jurisdiction, or use such mails or any such means or instrumentality for any purpose, directly or indirectly, in connection with the Offer, and doing so will render invalid any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly related to the acceptance of the Offer. Notwithstanding the above, the Offer extends to all overseas shareholders if it is or becomes (for example as a result of local regulatory exemptions or consents) legitimate for such shareholders to accept it. Envelopes containing a Form of Acceptance must not be postmarked in any Restricted Jurisdiction, or otherwise despatched from any Restricted Jurisdiction, and all acceptors must provide addresses outside any Restricted Jurisdiction for the remittance of cash or the return of the Form of Acceptance, Poole Investments share certificate(s) and/or other document(s) of title.

- (c) A PI Shareholder will be deemed not to have accepted the Offer if:
- (i) he puts “No” in Box [4] of the Form of Acceptance and thereby does not give the representation and warranty set out in paragraph (c) of Part C of this Appendix;
 - (ii) he completes Box [3] of the Form of Acceptance with an address in any Restricted Jurisdiction or has a registered address in any Restricted Jurisdiction and in either case he does not insert in Box [5] of the Form of Acceptance the name and address of a person or agent outside any Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent, subject to the provisions of this paragraph 6 and applicable laws;

- (iii) he inserts in Box [5] of the Form of Acceptance the name and address of a person or agent in any Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent or a telephone number in any Restricted Jurisdiction in the event of queries;
 - (iv) the Form of Acceptance received from him is in an envelope postmarked in, or otherwise appears to Inland or its agents to have been sent from, any Restricted Jurisdiction; or
 - (v) he makes a Restricted Escrow Transfer pursuant to paragraph (e) below unless he also makes a related Restricted ESA instruction which is accepted by Capita Registrars.
- (d) Inland reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representation and warranty set out in paragraph (c) of Part C of this Appendix or, as the case may be, paragraph (b)(ii) of Part D of this Appendix could have been truthfully given by the relevant PI Shareholder and, if such investigation is made and as a result Inland determines that such representation and warranty could not have been so given, such acceptance shall not be valid.
- (e) If a PI Shareholder holding PI Shares in uncertificated form is unable to give the warranty set out in paragraph (b)(ii) of Part D of this Appendix, but nevertheless can provide evidence satisfactory to Inland that he is able to accept the Offer in compliance with all relevant legal and regulatory requirements, he may only purport to accept the Offer by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) both a TTE Instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”) and one or more valid ESA instructions (each a “**Restricted ESA instruction**”). Such purported acceptance will not be treated as a valid acceptance unless the Restricted Escrow Transfer settles in CREST and Inland decides, in its absolute discretion, to exercise its right described in paragraph 6(f) below to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made during the acceptance period set out in paragraph 1 above. If Inland decides to permit such acceptance to be made, Capita Registrars will on behalf of Inland accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Capita Registrars will on behalf of Inland reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the ISIN number for the PI Shares which is GB0007176901;
- the number of PI Shares in respect of which the Offer is to be accepted;
- the member account ID and participant ID of the PI Shareholder;
- the participant ID of the Escrow Agent; this is RA10;
- the member account ID of the Escrow Agent specific to a Restricted Escrow Transfer, this is RESTRICT;
- the corporate action number of the Offer which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- input with a standard delivery instruction priority of 80;
- the contact name and telephone number inserted into the shared note field; and
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 6 September 2007.

Each Restricted ESA instruction must, in order for it to be valid and settle, include the following details:

- the ISIN number for the PI Shares which is GB0007176901;
- the number of PI Shares relevant to that Restricted ESA instruction;
- the member account ID and participant ID of the PI Shareholder;
- the participant ID of the Escrow Agent, this is RA10;
- the member account ID of the Escrow Agent relevant to the form of consideration required, this is INLPOO01;

- the CREST ID of the Restricted Escrow Transfer to which the Restricted ESA instruction relates (insert at the beginning of the shared notes field);
 - intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 6 September 2007; and
 - input with standard delivery instruction priority of 80; and
 - the corporate action number for the Offer which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.
- (f) The provisions of this paragraph 6 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards (a) specific PI Shareholder(s) or on a general basis by Inland in its absolute discretion.
- (g) Inland reserves the right to notify any matter, including the making of the Offer, to all or any PI Shareholder(s) with (a) registered address(es) outside the United Kingdom or whom Inland knows to be a custodian, trustee or nominee holding PI Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom by announcement in the United Kingdom or by paid advertisement in a newspaper published and circulated in the United Kingdom or any part thereof and/or in the London Gazette, in which event such notice shall be deemed to have been sufficiently given, notwithstanding any failure by any such shareholder(s) to receive or see such notice, and all references in this document to notice in writing (other than in paragraph 3(e) above) shall be construed accordingly.
- (h) The provisions of this paragraph 6 supersede and will apply in lieu of any terms of the Offer contained in this document inconsistent herewith. References in this paragraph 6 to “a PI Shareholder” shall include references to the person or persons executing a Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, the provisions of this paragraph 6 shall apply to them jointly and to each of them.
- (i) If any person (including, without limitation, any custodians, nominees and/or trustees), despite the restrictions referred to in paragraph 6(b) above and whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related document in, into or from any Restricted Jurisdiction or uses the mails or means or instrumentality (including, without limitation, the post, facsimile transmission, e-mail, telex and telephone) of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Jurisdiction in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (iii) draw the attention of the recipient to this paragraph 6.
- (j) Notwithstanding the other provisions of this paragraph 6, Inland may at its sole discretion provide cash consideration to a person in or resident of any Restricted Jurisdiction if requested to do so by or on behalf of that person and if Inland is satisfied in that particular case that to do so will not constitute a breach of any securities or other relevant legislation of any Restricted Jurisdiction, as appropriate. Notwithstanding the above, the Offer extends to all overseas shareholders if it is or becomes (for example as a result of local regulatory exemptions or consents) legitimate for such shareholders to accept it.

Part C: Form of Acceptance

Each PI Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with Inland and Dawnay Day and Capita Registrars (so as to bind him, his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance, whether or not any other boxes are completed, shall constitute an acceptance of the Offer in respect of the relevant PI Shareholder's entire holding of PI Shares held in certificated form (or such lesser number as may have been inserted in Box [1] of the Form of Acceptance provided that if no number is inserted in Box [1], or a number is inserted in Box [1] which exceeds such PI Shareholder's holding of PI Shares, the acceptance will be deemed to have been made in respect of the PI Shareholder's entire holding of PI Shares), subject to the terms and conditions set out or referred to in this document and the Form of Acceptance and so that, subject to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix, each such acceptance shall be irrevocable;
- (b) that the PI Shares in certificated form in respect of which the Offer is accepted or is deemed to be accepted are sold free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights attaching thereto including the right to all dividends and other distributions (if any) declared, made or paid hereafter;
- (c) that unless "No" has been inserted in Box [4] of the Form of Acceptance, the Form of Acceptance has not been mailed or otherwise sent in, into or from any Restricted Jurisdiction and that such PI Shareholder:
 - (i) has not received or sent copies or originals of this document, the Form of Acceptance, or any related offering documents in, into or from any Restricted Jurisdiction or any other jurisdiction where such actions may constitute a breach of any legal or regulatory requirement, and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of or any means or instrumentality (including, without limitation, the post, facsimile transmission, e-mail, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of any Restricted Jurisdiction;
 - (ii) was outside any Restricted Jurisdiction when the Form of Acceptance was delivered and at the time of accepting the Offer;
 - (iii) in respect of the PI Shares to which the Form of Acceptance relates, is not an agent or a fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within any Restricted Jurisdiction or is a person or a resident of any Restricted Jurisdiction;
 - (iv) if he is a citizen, resident or national of a jurisdiction outside the United Kingdom, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in Inland, Dawnay Day or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his acceptance thereof or his receipt of any consideration;
- (d) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes the authorities upon the terms set out in paragraphs 4 and 5 of Part B of this Appendix and subject to the Offer becoming unconditional in all respects in accordance with its terms, the irrevocable separate appointment of each of Inland, Dawnay Day and their respective directors, authorised representatives and agents as such PI Shareholder's attorney and/or agent (the "attorney"), and an irrevocable instruction to the attorney to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney in relation to the PI Shares referred to in paragraph (a) above, in respect of which the accepting PI Shareholder has not validly withdrawn the acceptance in favour of Inland or as it or its agents may direct and to deliver such form(s) of transfer and/or other document(s) together with any share certificate(s) and/or other document(s) relating to such shares for registration within six months of the Offer becoming unconditional in all respects and to do all such other acts and things as may in the opinion of the attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest in Inland or such person(s) as it may direct the PI Shares as aforesaid;

- (e) that the execution of the Form of Acceptance and such delivery constitutes, in relation to PI Shares in certificated form, subject to the Offer becoming unconditional in all respects and to the accepting PI Shareholder not having validly withdrawn the acceptance, separate authorities and requests:
 - (i) to Poole Investments or its agents to procure the registration of the transfer of such Poole Investments Shares pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to Inland or as it may direct;
 - (ii) to Inland or its agents, subject to paragraph 6 of Part B of this Appendix, to procure the despatch by post (or by such other method as may be approved by the Panel) of a cheque drawn on a branch of a UK clearing bank for any cash and/or certificates, to which an accepting PI Shareholder is entitled, at the risk of such shareholder, to the person or agent whose name and address outside the any Restricted Jurisdiction is set out in Box 1, or, if appropriate, Box 3 of the Form of Acceptance, or if no such name and address is so set out, to the first-named holder at his registered address outside any Restricted Jurisdiction;
- (f) that he will deliver, or procure the delivery of, to Capita Registrars at the address referred to in paragraph 3(a) of Part B of this Appendix, on behalf of Inland, his share certificate(s) and/or other document(s) of title in respect of the PI Shares referred to in paragraph (a) above and in respect of which he has not validly withdrawn his acceptance, or an indemnity acceptable to Inland in lieu thereof, as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;
- (g) that the terms of Parts A, B and C of this Appendix I shall be deemed to be incorporated in and form part of the Form of Acceptance, which shall be read and construed accordingly;
- (h) that he will execute all such documents and do all such acts and things as shall be necessary or expedient to vest in Inland or its nominee(s) or such other person as Inland may decide the PI Shares in respect of which the Offer is accepted or is deemed to be accepted and to enable Inland, Dawnay Day and Capita Registrars to obtain the full benefit of the terms of this Appendix and/or to perfect any of the authorities expressed to be given hereunder or otherwise in connection with his acceptance of the Offer;
- (i) that, subject to and with effect from the Offer becoming unconditional in all respects (or, if the Offer will become unconditional in all respects or lapse upon the outcome of the resolution in question or if the Panel gives its consent), Inland shall be entitled to direct the exercise of any votes attaching to any of the PI Shares in certificated form in respect of which the Offer has been accepted, or deemed to be accepted, and not validly withdrawn, and any other rights and privileges attaching to such PI Shares, including the right to requisition a general meeting of Poole Investments or any class of its members, such votes (where relevant) to be cast, and such rights and privileges to be exercised, so far as possible, to satisfy any outstanding condition of the Offer and that due execution of a Form of Acceptance will constitute:
 - (i) an irrevocable authority and direction to Poole Investments from the relevant Poole Investments Shareholder to send any notice, circular, warrant or other document or communication which he may be entitled to receive as a member of Poole Investments (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such PI Shares into certificated form) to Inland at its registered office; and
 - (ii) an irrevocable appointment by the relevant PI Shareholder of Inland or any person nominated by Inland as his attorney in his or the attorney's name and on his behalf to sign any consent to short notice of any general meeting of Poole Investments or any class of its members and/or to execute a form of proxy in respect of any of his Poole Investments Shares in certificated form in respect of which the Offer has been, or is deemed to have been, accepted and the acceptance of which has not been validly withdrawn, appointing any person nominated by Inland to attend any general meeting of Poole Investments or any class of its members (and any adjournment thereof) and to exercise the votes attached to such shares on his behalf, in each case in such manner as Inland may think fit, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (iii) the agreement of such PI Shareholder not to exercise any such rights without the consent of Inland and the irrevocable undertaking of such Poole Investments Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting;
- (j) that the execution of the Form of Acceptance constitutes an irrevocable authority and request, if the Offer does not become unconditional in all respects, to Inland or its agents to return his Form of Acceptance and the relevant share certificate(s) and/or other document(s) of title delivered with or in

connection with such Form of Acceptance by ordinary post within 14 days after the Offer has lapsed, at the risk of such shareholder to the person whose name and address is set out first in Box [1] of the Form of Acceptance or, if appropriate, Box [3] or Box [5] of the Form of Acceptance or, if none is set out, to the sole or first-named holder at his registered address;

- (k) that he will ratify each and every act or thing which may be done or effected by any of Inland or Dawnay Day or Capita Registrars or any of their respective directors or agents, as the case may be, in the exercise of any of the powers and/or authorities hereunder;
- (l) that if any provision of Part B or this Part C of this Appendix shall be unenforceable or invalid or shall not operate so as to afford Inland or Dawnay Day or Capita Registrars or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Inland and/or Dawnay Day and/or Capita Registrars and/or any director of any of them to secure the full benefits of Part B and this Part C of this Appendix; and
- (m) that the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the Courts of England and his agreement that nothing shall limit the right of Inland or Dawnay Day to bring any action, suit or proceedings arising out of or in connection with the Offer and the Form of Acceptance in any other manner permitted by law or in any other court of competent jurisdiction.

References in this Part C to a “**PI Shareholder**” shall include references to the person or persons executing a Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, the provisions of this paragraph shall apply to them jointly and to each of them.

Part D: Electronic Acceptance

Each PI Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with Inland, Dawnay Day and Capita Registrars (so as to bind him, his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the Electronic Acceptance shall constitute an acceptance of the Offer in respect of the number of PI Shares in uncertificated form to which a TTE Instruction relates, on and subject to the terms and conditions set out or referred to in this document and that, subject to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix, each such acceptance shall be irrevocable;
- (b) (i) that the PI Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive all dividends and other distributions, if any, declared, made or paid hereafter;
- (ii) that such PI Shareholder:
 - (A) has not received or sent copies or originals of this document, the Form of Acceptance, or any related offering documents in, into or from any jurisdiction where such actions may constitute a breach of any legal or regulatory requirement, and has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of or any means or instrumentality (including, without limitation, the post, facsimile transmission, e-mail, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of any such jurisdiction;
 - (B) was outside any Restricted Jurisdiction at the time of the input and settlement of the relevant TTE Instructions(s) and has not sent any TTE Instructions from any Restricted Jurisdiction and is accepting the Offer from outside any Restricted Jurisdiction;
 - (C) in respect of the PI Shares to which the Electronic Acceptance relates, is not an agent or a fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within any Restricted Jurisdiction or is a person or a resident of any Restricted Jurisdiction;
 - (D) if he is a citizen, resident or national of a jurisdiction outside the United Kingdom, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in Inland, Dawnay Day or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his acceptance thereof or his receipt of any consideration;
- (c) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting PI Shareholder not having validly withdrawn his acceptance, the irrevocable separate appointment of each of Inland, and their respective directors, authorised representatives and agents as such shareholder's attorney (the "attorney") and an irrevocable instruction to the attorney to do all such acts and things as may in the opinion of the attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in Inland or such person(s) as it may direct the PI Shares as aforesaid;
- (d) that the Electronic Acceptance constitutes the irrevocable appointment of Capita Registrars as such shareholder's attorney and an irrevocable instruction and authority to the attorney (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting PI Shareholder not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as Inland or its agents may direct) by means of CREST all or any of the PI Shares in uncertificated form (but not exceeding the number of PI Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted) and (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days after the lapsing of the Offer), to transfer all such PI Shares to the original available balance of the accepting PI Shareholder;

- (e) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to an accepting PI Shareholder not having validly withdrawn his acceptance, irrevocable authorities and requests:
 - (i) to Inland or its agents to procure the making of a CREST payment obligation in favour of the PI Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled and provided that:
 - (A) Inland may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque despatched by post; and
 - (B) if the PI Shareholder concerned is a CREST member whose registered address is in any Restricted Jurisdiction any cash consideration to which such shareholder is entitled shall be paid by cheque despatched by post, such cheques to be despatched, at the risk of such shareholder, to the first-named holder at an address outside any Restricted Jurisdiction stipulated by such holder or as otherwise determined by Inland;
 - (ii) Inland or its agents to record and act upon any instructions with regard to notices or dividend mandates which have been recorded in the records of Poole Investments in respect of such PI Shareholder's holding(s) of PI Shares as if such mandates had been given in respect of its holding of new PI Shares;
- (f) that the Electronic Acceptance constitutes an authority to any director of Inland or Dawnay Day and/or their respective agents within the terms of paragraphs 4 and 5 of Part B of this Appendix;
- (g) that, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel gives its consent) and pending registration:
 - (i) Inland shall be entitled to direct the exercise of any votes attaching to any PI Shares in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn and any other rights and privileges attaching to such PI Shares (including the right to requisition a general meeting of Poole Investments or of any class of its Shareholders); and
 - (ii) an Electronic Acceptance by a PI Shareholder in respect of the PI Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) constitutes an irrevocable authority and direction to Poole Investments from such PI Shareholder to send any notice, circular, warrant or other document or communication which he may be entitled to receive as a member of Poole Investments (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such PI Shares into certificated form) to Inland at its registered office;
 - (B) constitutes an authority to Inland or any person nominated by Inland on his behalf to sign any consent to short notice and/or to execute a form of proxy in respect of such PI Shares appointing any person nominated by Inland to attend any general meeting or separate class meeting of Poole Investments or any class of its members (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf in each case in such manner as Inland may think fit, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (C) will also constitute the agreement of such PI Shareholder not to exercise any such rights without the consent of Inland and the irrevocable undertaking of such PI Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting;
- (h) that if, for any reason, any PI Shares in respect of which a TTE Instruction has been effected in accordance with paragraph 12(b) of the letter from Inland contained in this document are converted to certificated form, he will (without prejudice to paragraph (g)(ii)(A) above) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such PI Shares as so converted to Capita Registrars at the address referred to in paragraph 3(a) of Part B of this Appendix or to Inland at its registered office or as Inland or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix in relation to such PI Shares without prejudice to the application of this Part D as far as Inland deems appropriate; that the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (e)(i) above shall, to the extent of the obligation so created, discharge in full any obligation of Inland and/or Dawnay Day to pay to him the cash consideration to which he is entitled pursuant to the Offer;

- (i) that the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (e)(i) above shall, to the extent of the obligation so created, discharge in full any obligation of Inland and/or Dawnay Day to pay to him the cash consideration to which he is entitled pursuant to the Offer;
- (j) that he will do all such acts and things as shall be necessary or expedient to vest in Inland or its nominee(s) or such other persons as it may decide the PI Shares aforesaid and all such acts and things as may be necessary or expedient to enable Capita Registrars to perform its functions as Escrow Agent for the purposes of the Offer;
- (k) that he agrees to ratify each and every act or thing which may be done or effected by Inland or Dawnay Day or Capita Registrars or any of their respective directors or agents, as the case may be, in the exercise of any of the powers and/or authorities hereunder;
- (l) that the making of an Electronic Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Electronic Acceptance, to the jurisdiction of the Courts of England and his agreement that nothing shall limit the right of Inland or Dawnay Day to bring any action, suit or proceedings arising out of or in connection with the Offer and the Electronic Acceptance in any other manner permitted by law or in any other court of competent jurisdiction;
- (m) that, by virtue of the CREST Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant holder of PI Shares in the terms of all the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (h) above) Part C of this Appendix to Inland, Capita Registrars and Dawnay Day and any of their respective agents; and
- (n) that if any provision of Part B or this Part D of this Appendix shall be unenforceable or invalid or shall not operate so as to afford Inland or Dawnay Day or Capita Registrars or any director of any of them the benefit or authority expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Inland and/or Dawnay Day and/or Capita Registrars and/or any director of any of them to secure the full benefits of Part B and this Part D of this Appendix.

References in this Part D to a “**PI Shareholder**” shall include references to the person or persons making an Electronic Acceptance.

APPENDIX II

Financial information on Poole Investments

A. Nature of financial information

The financial information contained in this Appendix II does not constitute statutory accounts within the meaning of section 240 of the Act. The information for each of the financial years ended 31 May 2005, 31 May 2006 and 31 May 2007, is extracted without material adjustment from the audited consolidated financial statements of Poole Investments. Audited statutory accounts for each of the years ended 31 May 2005 and 31 May 2006 on which unqualified audit reports (not containing a statement under section 237(2) or (3) of the Act) have been given by the auditors of Poole Investments, have been delivered to the Registrar of Companies in England and Wales. Audited statutory accounts for the year ended 31 May 2007 on which an unqualified audit report (not containing a statement under section 237(2) or (3) of the Act) have been given by the auditors of Poole Investments, however they have not yet been filed at the Registrar of Companies in England and Wales.

B. Consolidated Profit and Loss Account

The consolidated profit and loss accounts of Poole Investments for the financial years 31 May 2005, 31 May 2006 and 31 May 2007 were as follows:

	<i>Notes</i>	<i>12 months ended 31 May 2005 Total £'000</i>	<i>12 months ended 31 May 2006 Total £'000</i>	<i>12 months ended 31 May 2007 Total £'000</i>
Turnover				
Rental income	2	337	335	335
		337	335	335
Administrative expenses		(75)	(75)	(71)
Operating profit:		262	260	264
Interest payable and similar charges	5	(261)	(282)	(288)
Loss on ordinary activities before taxation	2&3	1	(22)	(24)
Taxation	6	—	—	—
Loss transferred to reserves	17	1	(22)	(24)
Loss per ordinary share				
– basic and diluted	8	0.00p	(0.01)p	(0.01)p

A statement of movements on reserves is set out in Note 17.

Note of Historical Cost Profits and Losses

for the years ended 31 May 2005, 31 May 2006 and 31 May 2007

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Reported loss on ordinary activities before taxation	1	(22)	(24)
Historical cost loss on ordinary activities before taxation	1	(22)	(24)
Historical cost loss on ordinary activities after taxation and dividends	1	(22)	(24)

Consolidated Statement of Total Recognised Gains and Losses
for the years ended 31 May 2005, 31 May 2006 and 31 May 2007

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Loss for the financial year	1	(22)	(24)
Revaluation of Investment Property	—	1,750	—
Total recognised gains and losses relating to the year	<u>1</u>	<u>1,728</u>	<u>(24)</u>

Reconciliation of Group Shareholders' Funds
for the years ended 31 May 2005, 31 May 2006 and 31 May 2007

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Total recognised gains and losses	1	1,728	(24)
Opening shareholder's funds	1,703	1,704	3,432
Shareholders' funds at 31 May	<u>1,704</u>	<u>3,432</u>	<u>3,408</u>

C. Consolidated balance sheet

The consolidated balance sheet of Poole Investments as at 31 May 2005, 31 May 2006 and 31 May 2007 was as follows:

	<i>Notes</i>	<i>Group 31 May 2005 £'000</i>	<i>Group 31 May 2006 £'000</i>	<i>Group 31 May 2007 £'000</i>
Fixed assets:				
Tangible assets	9	4,750	6,500	6,500
Investments	10	—	—	—
		<u>4,750</u>	<u>6,500</u>	<u>6,500</u>
Current assets:				
Debtors	11	20	20	—
Cash at bank and in hand		17	15	17
Short-term deposits		153	145	147
		<u>190</u>	<u>180</u>	<u>164</u>
Creditors:				
Amounts falling due within one year	12	(392)	(405)	(544)
Net current liabilities		<u>(202)</u>	<u>(225)</u>	<u>(380)</u>
Total assets less current liabilities		<u>4,548</u>	<u>6,275</u>	<u>6,120</u>
Creditors:				
Amounts falling due after more than one year	13	(2,844)	(2,843)	(2,712)
Net assets	2	<u>1,704</u>	<u>3,432</u>	<u>3,408</u>
Capital and reserves:				
Called up share capital	16	9,247	9,247	9,247
Special reserve	17	13,130	13,130	13,130
Revaluation reserve	17	3,790	5,540	5,540
Profit and loss account	17	(24,463)	(24,485)	(24,509)
Equity shareholders' funds		<u>1,704</u>	<u>3,432</u>	<u>3,408</u>

D. Consolidated cash flow statement

The consolidated cash flow statement of Poole Investments for the years ended 31 May 2005, 31 May 2006 and 31 May 2007 was as follows:

	<i>Year ended</i> <i>31 May</i> <i>2005</i> <i>£'000</i>	<i>Year ended</i> <i>31 May</i> <i>2006</i> <i>£'000</i>	<i>Year ended</i> <i>31 May</i> <i>2007</i> <i>£'000</i>
Cash inflow from operating activities (Note 18)	<u>141</u>	<u>245</u>	<u>257</u>
Returns on investment and servicing of finance:			
Interest paid	<u>(236)</u>	<u>(255)</u>	<u>(253)</u>
Net cash outflow from returns on investments and servicing of finance	(236)	(255)	(253)
Cash inflow/(outflow) before management of liquid resources and financing	<u>(95)</u>	<u>(10)</u>	<u>4</u>
Management of liquid resources:			
(Increase)/decrease in short term deposits	<u>(154)</u>	<u>8</u>	<u>(2)</u>
Net cash (outflow)/inflow from management of liquid resources	<u>(154)</u>	<u>8</u>	<u>(2)</u>
Increase/(decrease) in cash (Note 18)	<u><u>(249)</u></u>	<u><u>(2)</u></u>	<u><u>2</u></u>

Notes to the Accounts

1. Accounting policies

The principal accounting policies that have been adopted in the preparation of the consolidated accounts of Poole Investments plc are given below.

Basis of accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked, see 'Investment Property' below.

Basis of consolidation

The consolidated financial information includes the Company and all its subsidiary undertakings. The results of subsidiary undertakings acquired or disposed of are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. The purchase consideration of subsidiary undertakings has been allocated to each class of asset on the basis of fair value at the date of acquisition with goodwill being the difference between the purchase consideration and the fair value of the net separable assets.

No profit and loss account is presented for the Company as provided by Section 230 of the Companies Act 1985.

Investment Property

The Group's property at 31 May 2007, 31 May 2006 and 31 May 2005 is held for long-term investment. The Investment Property is accounted for in accordance with SSAP 19 and is revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on the Investment Property is expected to be permanent, in which case it is recognised in the Profit and Loss account for the year.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the Directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Turnover

Turnover for the year represents gross rents receivable from investment property. Operating lease income is spread over the lease term on a straight line basis.

Deferred taxation

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date, calculated at the rate at which it is anticipated the timing differences will reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

2. Segmental information

The analysis of turnover by business group and geographical area and of profit or loss before taxation and net assets by business group is set out below:

(a) Analysis of turnover by destination

All turnover, including prior year, comprises rental income derived in the UK from the Company's one tenant.

(b) Profit/(loss) before tax by business group

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Investment Property	<u>262</u>	<u>260</u>	<u>264</u>
	262	260	264
Interest payable and similar charges	<u>(261)</u>	<u>(282)</u>	<u>(288)</u>
	(261)	(282)	(288)
Loss before taxation	<u><u>1</u></u>	<u><u>(22)</u></u>	<u><u>(24)</u></u>

All operating costs, including those of prior year, are derived in the UK.

(c) Net assets (all UK) by business group

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Investment Property	4,750	6,500	6,500
Corporate items	(92)	(75)	(69)
Net debt	<u>(2,954)</u>	<u>(2,993)</u>	<u>(3,023)</u>
	(2,954)	(2,993)	(3,023)
Net assets	<u><u>1,704</u></u>	<u><u>3,432</u></u>	<u><u>3,408</u></u>

All net assets, including those of prior year, are based in the UK.

3. Loss on ordinary activities before taxation

This is stated after charging:

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Auditors' remuneration (all in respect of the Company)	8	8	8
Auditors' remuneration non audit fees: taxation services	<u>5</u>	<u>5</u>	<u>5</u>
	5	5	5

4. Staff costs and Directors' remuneration

Average number of employees was nil (2006: nil, 2005: nil)). This excludes the Directors of the Company.

Directors' remuneration

	<i>12 months ended 31 May 2005 Total £</i>	<i>12 months ended 31 May 2006 Total £</i>	<i>12 months ended 31 May 2007 Total £</i>
<i>Executive</i>			
D J Booth	15,000	15,000	15,000
<i>Non-executive</i>			
H A (Tony) Palmer	—	—	—
D Cicurel	—	—	—
	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>

Payments made to D J Booth relate to the provision of consultancy services within areas of his individual expertise. As set out in note 19, H A (Tony) Palmer and D Cicurel have agreed that Directors fees will not be due until sale of the Company's Investment Property or an offer for the share capital of the Company is received and recommended. No provision for this cost has been made.

5. Interest payable and similar charges

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Interest on bank loan	216	214	213
Cost of deferring loan repayment	20	40	40
Interest on other loans	25	28	35
Total Interest payable and similar charges	<u>261</u>	<u>282</u>	<u>288</u>

6. Taxation on ordinary activities

(a) Analysis of tax

	<i>2005 £'000</i>	<i>2006 £'000</i>	<i>2007 £'000</i>
Current tax	—	—	—
Deferred tax	—	—	—
Tax on profit/loss on ordinary activities	<u>—</u>	<u>—</u>	<u>—</u>

(b) Analysis of difference between tax credit at standard rate and current year tax

	<i>2005 £'000</i>	<i>2006 £'000</i>	<i>2007 £'000</i>
Loss on ordinary activities	<u>1</u>	<u>(22)</u>	<u>(24)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 30% (2006: 30%, 2005: 30%)	—	(7)	(7)
Expenses not deductible for tax purposes	—	1	1
Increase in tax losses carried forward	—	6	6
Tax on loss on ordinary activities	<u>—</u>	<u>—</u>	<u>—</u>

(c) *Factors that may affect future tax charges*

Tax losses carried forward within the Group and Company, relating to the costs of managing the Group's investments are £295,000 (2006: £272,000), (2005: £253,000). No deferred tax asset has been recognised on these losses given the uncertainty of timing of future profits. The unrecognised asset may be recoverable in future periods in the event that an appropriate surplus arises against which the tax loss can be offset. The Group and Company have not recognised a deferred tax asset in respect of agreed capital losses of approximately £23.2m (2006: £23.2m), (2005: £23.2m) in existence at the period end as no chargeable gains are forecast to arise in the immediate future.

7. Loss attributable to members of the parent Company

As permitted by Section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in the accounts.

The loss dealt with in the accounts of the parent Company was £24,000 (2006: loss of £22,000, 2005: profit of £1,000).

8. Loss per ordinary share

The earnings per share figures are based on the result after taxation for the respective periods divided by the weighted average number of shares in issue as follows:

	<i>2005</i> <i>Pence</i>	<i>2006</i> <i>Pence</i>	<i>2007</i> <i>Pence</i>
Loss per share	<u>0.00</u>	<u>(0.01)</u>	<u>(0.01)</u>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
The calculation of (loss)/earnings per share is based on:			
(Loss)/profit on ordinary activities after taxation	<u>1</u>	<u>(22)</u>	<u>(24)</u>
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Number of shares used in basic earnings per share:	<u>184,949</u>	<u>184,949</u>	<u>184,949</u>

There are no outstanding share options and no dilutive shares.

9. Tangible fixed assets

Group and Company

	<i>Freehold Investment Property £'000</i>
As at 1 June 2005, valuation and net book value:	<u>4,750</u>
As at 1 June 2006, valuation and net book value:	<u>6,500</u>
As at 31 May 2007, valuation and net book value:	<u>6,500</u>

All freehold property is stated at valuation.

The Investment Property was valued by Edward Symmons & Partners in August 2006 in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. Investment Property continues to be held by the Group for long-term investment. Accordingly, the property is recorded as an Investment Property and is valued on an open market basis. The Investment Property is not depreciated.

The historical cost of Investment Properties at 31 March 2007 is £1,169,000 (2006: £1,169,000), (2005: £1,169,000), and the net book value on the historical cost basis at 31 March 2007 is £960,000 (2006: £960,000), (2005: £960,000).

10. Fixed asset investments

At 31 May 2007, the Company holds the entire share capital of Hamworthy Investments Limited which is registered in England and Wales and has been dormant since incorporation. Gross and net book value of this investment is £2.

11. Debtors: Amounts falling due within one year

	<i>Group</i>		
	<i>31 May</i> 2005 £'000	<i>31 May</i> 2006 £'000	<i>31 May</i> 2007 £'000
Other debtors	20	20	—
	<u>20</u>	<u>20</u>	<u>—</u>

12. Creditors: Amounts falling due within one year

	<i>Group</i>		
	<i>31 May</i> 2005 £'000	<i>31 May</i> 2006 £'000	<i>31 May</i> 2007 £'000
Bank loans (Note 13)	281	310	475
Trade creditors	20	15	10
Deferred income	23	23	23
Other creditors and accruals	68	57	36
	<u>392</u>	<u>405</u>	<u>544</u>

13. Creditors: Amounts falling due after more than one year.

	<i>Group</i>		
	<i>31 May</i> 2005 £'000	<i>31 May</i> 2006 £'000	<i>31 May</i> 2007 £'000
Bank loan	2,569	2,540	2,375
Other loan	275	303	337
	<u>2,844</u>	<u>2,843</u>	<u>2,712</u>

The bank loan is payable as follows:

	<i>Group</i>		
	<i>31 May</i> 2005 £'000	<i>31 May</i> 2006 £'000	<i>31 May</i> 2007 £'000
Within one year	281	310	475
Between one and two years	336	372	475
Between two and five years	2,233	2,168	1,900
	<u>2,850</u>	<u>2,850</u>	<u>2,850</u>
Less included within amounts due within one year	(281)	(310)	(475)
	<u>2,569</u>	<u>2,540</u>	<u>2,375</u>

The Company has granted a fixed and floating charge over all assets to secure the bank loans. The other loan is secured against the Investment Property and is repayable in a single payment on the date on which the company disposes for value to a third party the whole or part of its Investment Property. The other loan bears interest at the higher of 15 per cent. or 5 per cent. above the bank's base lending rate.

14. Derivatives and other financial instruments

The Group's strategy is to minimise its exposure to interest rate fluctuations and has therefore fixed the rate on the majority of its borrowings for the next year. The disclosures below exclude short term debtors and creditors.

Interest rate risk profile of financial liabilities.

The interest rate profile of the financial liabilities of the Group as at 31 May was as follows:

	<i>Financial liabilities</i> £'000	<i>Floating rate</i> £'000	<i>Fixed rate</i> £'000
31 May 2007: Total (all sterling)	3,187	337	2,850
31 May 2006: Total (all sterling)	3,153	303	2,850
31 May 2005: Total (all sterling)	<u>3,125</u>	<u>275</u>	<u>2,850</u>

The floating rate financial liabilities comprise sterling loans that bear interest at rates based on bank base lending rate. Fixed rate liabilities at 31 May 2007 comprise the bank loan which has fixed interest at 7.75 per cent. until May 2008 after which it reverts to a floating rate based on bank base lending rate. Cash balances not required to meet working capital requirements are held in 14 day sterling deposit accounts.

As at 31 May 2007 the Group had no currency exposures (2006: nil, 2005: nil).

The maturity profile of the Group's financial liabilities at 31 May was as follows:

	<i>31 May 2005</i> £'000	<i>31 May 2006</i> £'000	<i>31 May 2007</i> £'000
In one year or less, or on demand	281	310	475
In more than one year, but not more than two	336	372	475
In more than two years, but not more than five	<u>2,508</u>	<u>2,471</u>	<u>2,237</u>
	<u>3,125</u>	<u>3,153</u>	<u>3,187</u>

Borrowing facilities

As at 31 May 2007 the Group has an undrawn overdraft facility available of £150,000 (2006: £150,000, 2005: £150,000) which is due for review on 30 September 2007.

Fair values of financial assets and financial liabilities.

A comparison of the fair values of all primary financial instruments and their carrying amounts is as follows:

	<i>31 May 2005</i>		<i>31 May 2006</i>		<i>31 May 2007</i>	
	<i>Fair value</i> £'000	<i>Carrying value</i> £'000	<i>Fair value</i> £'000	<i>Carrying value</i> £'000	<i>Fair value</i> £'000	<i>Carrying value</i> £'000
Borrowings	(3,125)	(3,125)	(2,856)	(3,153)	(2,885)	(3,187)
Cash	<u>170</u>	<u>170</u>	<u>160</u>	<u>160</u>	<u>165</u>	<u>165</u>

The fair values of borrowings are assumed to be the discounted amount of future cash flows using the Group's current incremental rate of borrowing for a similar liability.

The Group has no derivatives.

The main liquidity risks to the Group are the sustainability of the rental income and also the financing provided by the Group's bankers. The rental income is guaranteed through use of a 2-year agreement with the present tenant company. The financing of the company depends on the facility in place with the Company's bankers with whom a good relationship is maintained.

15. Pensions

The Company has no pension scheme. Prior to the disposal of its former operating subsidiaries, the Company participated in the Pilkington's Tiles Limited Pension Scheme ("the Scheme"). Until 31 August 2003 the Scheme provided final salary benefits for some employees and money purchase for some other employees. From 1 September 2003 the accrual of final salary benefits stopped and former final salary members were

given the option to continue as money purchase members. The Company ceased to participate in the Scheme on 28 May 2004 when the Group disposed of Pilkington's Tiles Limited. The Scheme continues to be funded by Pilkington's Tiles Limited. The Company has taken legal advice and has been advised that it has no liability to the Scheme other than in the event of a winding up of the scheme or the insolvency of Pilkington's Tiles Limited, the Scheme's principal employer. In either case, the Company will be liable for a proportionate share of the cost of securing the liabilities of the Scheme pertaining only to its seven former employees.

16. Called-up share capital

	2005 Number	2006 Number	2007 Number	2005 £'000	2006 £'000	2007 £'000
Authorised: Ordinary shares of 5p each	264,800,000	264,800,000	264,800,000	13,240	13,240	13,240
Allotted, called-up and fully paid: Ordinary shares of 5p each	184,948,954	184,948,954	184,948,954	9,247	9,247	9,247

There are no Share Options.

17. Reserves

Group

	Special Reserve £'000	Revaluation Reserve £'000	Profit & Loss account £'000
As at 31 May 2005	13,130	3,790	(24,463)
Revaluation of Investment Property	—	1,750	—
Loss for year	—	—	(22)
As at 31 May 2006	13,130	5,540	(24,845)
Loss for the financial year	—	—	(24)
As at 31 May 2007	13,130	5,540	(20,509)

Court approval was received on 27 September 2002 for the cancellation of a share premium account. The court was asked only to approve the transfer of sufficient of the share premium account to Profit and Loss to clear the deficit existing at 27 September 2002. The balance was transferred to a Special Reserve.

18. Cash flow information

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	12 months ended 31 May 2005 £'000	12 months ended 31 May 2006 £'000	12 months ended 31 May 2007 £'000
Operating profit	262	260	264
Decrease in debtors	322	—	20
Decrease in creditors	(443)	(15)	(27)
Net cash inflow from operating activities	141	245	257

(b) *Reconciliation of net cash flow to movement in net debt:*

	<i>12 months ended 31 May 2005 £'000</i>	<i>12 months ended 31 May 2006 £'000</i>	<i>12 months ended 31 May 2007 £'000</i>
Increase/(decrease) in cash in the period		(2)	2
Increase/(decrease) in short term deposits in the period	(95)	(8)	2
Change in net debt resulting from cashflows	(95)	(10)	4
Other non-cash movements	(25)	(28)	(34)
Movement in net debt in the period	(120)	(38)	(30)
Opening net debt	(2,835)	(2,955)	(2,993)
Net debt at 31 May	<u>(2,955)</u>	<u>(2,993)</u>	<u>(3,023)</u>

(c) *Analysis of net debt:*

	<i>As at 31 May 2005 £'000</i>			<i>As at 31 May 2006 £'000</i>			<i>As at 31 May 2007 £'000</i>
	<i>Cash flows</i>	<i>Other</i>	<i>Cash flows</i>	<i>Other</i>	<i>Cash flows</i>	<i>Other</i>	
Cash	16	(1)	15	2	—	—	17
Short term deposits	154	(9)	145	2	—	—	147
Term Loans	(3,125)	—	(3,153)	—	(34)	(34)	(3,187)
Total	<u>(2,955)</u>	<u>(10)</u>	<u>(2,993)</u>	<u>4</u>	<u>(34)</u>	<u>(34)</u>	<u>(3,023)</u>

19. Guarantees and other financial commitments

(a) *Capital Commitments:*

The Group has no capital commitments (2006: nil, 2005: nil).

(b) *Contingent Liabilities:*

The Company has the following contingent liabilities:

- (a) Upon the sale of the Investment Property, fees will be payable to Ernst & Young LLP in respect of the tax advice given in relation to the establishment and utilization of capital losses. The level of fee is related to the ultimate tax saving achieved and is calculated as 7.5 per cent. of that saving. In the event the transaction aborts for any reason other than failure of the tax planning, or the Company is taken over, merges or there is a reverse takeover and the planning is no longer required, Ernst & Young will be paid a non-refundable fee of 50 per cent. of costs to the date of the abort/takeover/merger, provided the Investment Property is not sold prior to a sale of the company. Ernst & Young have indicated this fee would be in the order of £104,000.
- (b) Upon the sale of the Investment Property, a payment of £300,000 is due to K Whitely, one of the parties to the sale of subsidiary companies for the Group sold on 28 May 2004.
- (c) Upon the sale of the Investment Property, the Company will be liable to pay 1.75 per cent. of the ultimate sale price to their property advisors. Additional incentive payments would become due to advisers on incremental values being achieved above agreed threshold values. On sale of the share capital of the Company payments will become due to these advisers based, either on a cost incurred basis, or based on the market capitalization of the Group calculated using the offer price. In aggregate these payments as at 31 May 2007 would be expected to represent a cost equal to approximately 1.2 per cent. of market capitalization of the Company.
- (d) Upon realisation of the Investment Property, an agreed amount out of rental paid from 28 May 2004, at a rate of £50,000 per annum apportioned on a daily basis, will be repayable to the existing tenant.
- (e) The Company made arrangements to insure the Company's potential liabilities under the warranties and indemnities necessarily given in order to effect the disposal of its former operating subsidiaries on 28 May 2004. The objective of this insurance was to limit future exposure to an aggregate deductible on any claim to £50,000 as compared to the warranty limit agreed on disposal of £1m. From 28 May 2005, the potential insured liability was in any event restricted to certain tax warranties given, no claims having been notified to the Company by the expiry date for claims relating to all other Warranties given. The expiry date for claims to be received relating to tax warranties given is 31 March 2011.

- (f) The Company's contingent liability in respect of the Pilkington's Tiles Limited Pension Scheme is described in Note 15.
- (g) H A Palmer and D E Cicurel have agreed to defer the payment of any directors' fees until a sale of the Company's Investment Property or an offer for the share capital of the Company is received and recommended. Only upon the occurrence of either event, the Company would have to pay H A Palmer and D E Cicurel the amount of the outstanding fees based on the number of their completed months of service. These directors receive no other payments or benefits for their services. For the period of liability, which is for the 36 months to 31 May 2007, the cost of this would be £105,000. In addition under the same circumstances all directors would be entitled to one year's notice at a total cost of £50,000, and D J Booth to a £15,000 bonus.
- (h) In the event of an offer for the share capital of the Company being made and accepted by shareholders payments would be due to the Companies Financial and Legal Advisers. The cost of these payments in aggregate would be expected to be approximately 1.5 per cent. of the market capitalization of the Company.

No provision has been made in these financial statements in respect of these contingent liabilities.

E. Material changes

There have been no material changes in the financial information or trading position of Poole Investments since 31 May 2007, the date to which the last audited consolidated accounts were drawn up.

APPENDIX III

Financial information on Inland

PART I Financial Information for the period from 16 June 2005 (date of incorporation) to 30 June 2006.

The financial information in this appendix has been extracted from the admission document (“Admission Document”) published on 29 March 2007 in connection with the admission of Inland Shares to trading on AIM. The Inland Group’s statutory accounts for the period ended 30 June 2006 have been delivered to the Registrar of Companies. The auditors Grant Thornton UK LLP, chartered Accountants reported on those accounts; their report was unqualified and did not contain a statement under S237(2) or (3) of the Companies Act 1985. The financial information in Part A of this appendix is derived from the statutory accounts and have been restated under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Admission Document included an opinion, which was unqualified, by Grant Thornton UK LLP, Chartered Accountants of Churchill House, Chalvery Road East, Slough SL1 2LS.

Part II of this Appendix contains the Chairman’s statement and interim results of Inland for the six months ended 31 December 2006 which was also set out in the Admission Document.

Material changes

Save for the placing of 100 million new ordinary shares at 50 pence each and admission of Inland Shares to trading on AIM (where dealings commenced on 3 April 2007), the purchase of sites in the ordinary course of business including sites purchased under deferred consideration terms and save for disclosures in the Chairman’s statement and interim report in Part II of this Appendix and in paragraph 3 of Part II of this document, there have been no material changes in the financial information or trading position of Inland since 30 June 2006, the date to which the last audited consolidated accounts were drawn up.

A. Nature of financial information

The financial information contained in this Appendix III does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Such financial information relating to the accounting period ended 30 June 2006 has been derived from the audited accounts as stated in the introduction to this appendix.

B. Consolidated income statement for the period ended 30 June 2006

		<i>Period from 16 June 2005 to 30 June 2006 £’000</i>
Revenue		—
Cost of sales	5	(5)
Gross loss		(5)
Administrative expenses	5	(733)
Operating loss		(738)
Interest expense	7	(53)
Interest income	8	49
		(742)
Share of profit of associate		62
Loss before tax		(680)
Income tax	9	214
Loss for the period		(466)
Attributable to:		
Equity holders of the Company		(466)
Loss per share for profit attributable to the equity holders of the Company during the period – basic and diluted	10	(3.28p)

The accompanying accounting policies and notes form part of these financial statements.

C. Consolidated Balance Sheet

At 30 June 2006

	<i>Note</i>	<i>At 30 June 2006 £'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	11	36
Investments	12	808
Investments in associate	12	262
Deferred tax	13	214
		<u>1,320</u>
Current assets		
Inventories	14	3,533
Trade and other receivables	15	82
Loan to associate	16	380
Cash and cash equivalents	17	815
		<u>4,810</u>
Total assets		<u><u>6,130</u></u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	18	3,279
Share premium account		699
Retained earnings		(466)
Total equity		<u>3,512</u>
LIABILITIES		
Current liabilities		
Trade and other payables	19	596
Deferred purchase consideration	20	1,497
Borrowings	21	525
Total current liabilities		<u>2,618</u>
Total liabilities		<u>2,618</u>
Total equity and liabilities		<u><u>6,130</u></u>

The financial statements were approved by the Board of Directors on 6 March 2007.

S. Wicks
N. Malde
Directors

The accompanying accounting policies and notes form part of these financial statements.

D. Consolidated statement of changes in equity

For the period ended 30 June 2006

	<i>Share capital</i> £'000	<i>Share premium</i> £'000	<i>Retained earnings</i> £'000	<i>Total</i> £'000
Loss attributable to shareholders	—	—	(466)	(466)
Total recognised income and expense	—	—	(466)	(466)
Issue of equity	3,279	699	—	3,978
At 30 June 2006	<u>3,279</u>	<u>699</u>	<u>(466)</u>	<u>3,512</u>

Consolidated Cash Flow Statement

For the period ended 30 June 2006

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Cash flows from operating activities	(680)
Loss for the period before tax	
Adjustments for:	
– depreciation	6
– interest expense	53
– interest income	(49)
– share of profit of associate	(62)
Changes in working capital (excluding the effects of acquisition):	
– increase in inventories	(3,582)
– increase in trade and other receivables	(462)
– increase in trade and other payables	2,106
Net cash outflow from operating activities	<u>(2,670)</u>
Cash flow from investing activities	
Interest received	40
Purchases of property, plant and equipment	(42)
Equity investment in Associate	(200)
Convertible Loan Stock in Associate	(800)
Net cash used in investing activities	<u>(1,002)</u>
Cash flow from financing activities	
Interest paid	(16)
New bank loans raised	525
Issue of shares	3,978
Net cash from financing activities	<u>4,487</u>
Net increase in cash and cash equivalents	815
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at the end of the period	<u>815</u>

The accompanying accounting policies and notes form part of these financial statements

NOTES TO THE CONSOLIDATED NON STATUTORY INTERNATIONAL FINANCIAL REPORTING STANDARDS FINANCIAL STATEMENTS

For the period ended 30 June 2006

1. ACCOUNTING POLICIES

The non statutory International Financial Reporting Standard financial statements have been prepared using the accounting policies adopted by the Group for the period ended 30 June 2006 except in so far as they have been amended as result of adopting International Financial Reporting Standards. All of the new or revised accounting policies are detailed below. The financial statements are non statutory statements and have been prepared for purpose of forming the basis of the comparatives in the first International Financial Reporting Standard financial statements.

It should be noted that accounting estimates and judgements are used in preparing the non statutory International Financial Reporting Standard financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Basis of preparation

The consolidated non statutory International Financial Reporting Standard financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the EU and as issued by the International Accounting Standards Board.

The non statutory International Financial Reporting Standard financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain non-current assets. The measurement bases and principal accounting policies of the Group are set out below.

The Group has previously prepared and filed financial statements for this its first accounting period under UK GAAP. Changes to accounting policies are explained in note 26, together with the reconciliation of the result for the period and the closing balance sheet.

Standards in issue but not yet effective

IFRS 7 Financial Instruments requires new disclosures relating to financial instruments. This standard will not have an impact on the classification or valuation of the Group's financial instruments.

IFRS 8 Operating Segments requires the Group to adopt a management approach to reporting on their operating segments. This standard will not have an impact on the Group reporting segments.

Basis of consolidation

The Group non statutory International Financial Reporting Standard financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 30 June 2006. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently

accounted for using the equity method. Acquired investments in associates are also subject to purchase method accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's equity are recognised in the consolidated equity of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods and services supplied, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or transfer of risk to the customer.

Sale of land

Revenue from the sale of land is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when contracts have been completed
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold which is generally when the contract has been completed
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Dividends

Dividends are recognised when the shareholders right to receive payment is established.

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale or revaluation of held for sale assets is included in "other income" or "other expense" in the income statement. Any revaluation surplus remaining in equity on disposal of the asset is transferred to the profit and loss reserve.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the straight line method where it reflects the basis of consumption of the asset. The rates generally applicable are:

Fixtures & fittings	– 25 per cent.
Office and computer equipment	– 25 per cent.

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost includes cost of land and associated costs in relation to acquisition and process of application for planning permission less discount for deferred payment terms. Net realisable value is the anticipated sale value less costs to obtain planning permission.

Taxation

Current tax is the tax currently payable based on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures unless reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land not included in inventories) in which case the related deferred tax is also charged or credited directly to equity.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date of entering into the lease agreement.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Employee benefits

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Financial assets

Financial assets, are divided into the following categories: loans and receivables and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit and loss are recognised at fair value plus finance costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be re-classified subsequently.

Financial assets are designated as at fair value through profit or loss where they eliminate or significantly reduce a measurement (or recognition) mismatch.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and loans to Associate are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Regular way purchases and sales are accounted for on trade date.

Interest and other cash flows resulting from holding financial assets are recognised in the income statement when receivable, regardless of how the related carrying amount of financial assets is measured.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire, or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as

expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are classified as held-for-trading or designated as at fair value through profit or loss on initial recognition. Financial liabilities are designated as at fair value through profit or loss where they eliminate or significantly reduce a measurement (or recognition) mismatch.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Dividends

Dividend distributions payable to equity shareholders are included in “other short term financial liabilities” when the dividends are approved in general meeting prior to the balance sheet date.

Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities.

Equity comprises the following:

“Share capital” represents the nominal value of equity shares.

“Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

“Profit and loss reserve” represents retained profits.

2. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Group’s activities expose it to a variety of financial risks: credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group’s overall risk management programmes focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors.

(a) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and services are made to customer with an appropriate credit history.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and ensuring availability of funding through an adequate amount of credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available. The Group also purchases property under deferred consideration arrangements.

(c) Cash flow and fair value interest rate risk

The Group’s cash flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. All the Group’s borrowings are at variable rates but the Group does not consider the risk to be significant.

(d) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available for sale or at fair value through profit or loss.

3. SEGMENT INFORMATION

Primary reporting format – business segments

At 30 June 2006, the Group is organised into one business segment in one geographical area consequently there is no segmental information presented in these non statutory International Financial Reporting Standard financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) *Income taxes*

The Group recognises tax/deferred tax assets and liabilities for anticipated tax based on estimates of when the tax/deferred tax will be paid or recovered. When the final outcome of these matters is different from the amounts initially recorded such differences impact the period in which the determination is made.

(b) *Fair value of derivatives and other financial instruments*

The fair value of instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing.

(c) *Discounting on deferred consideration of inventories*

The Group discounts deferred consideration of inventories by discounted cash flow method.

Critical judgements in applying the entity's accounting policies

(a) *Inventories*

The Group values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement that planning consent will be given for each site. The Group believes that, based on directors' experience, planning consent will be given. If planning consent was not achieved then a provision may be required against the relevant site.

(b) *Associate*

The Group has equity accounted for its 10 per cent. investment in Howarth Homes plc as an associate as the Company has significant influence over Howarth Homes plc through Board representation and participation in policy making.

5. EXPENSES BY NATURE

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Depreciation (Note 11)	6
Operating lease rentals	50
Auditors' remuneration	
– Audit	12
Cost of sales	5
Other expenses	665
Total	<u>738</u>
Classified as:	
– cost of sales	5
– administrative expenses	733
	<u>738</u>

6. DIRECTORS AND EMPLOYEES

The employee benefit expense during the period was as follows:

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Wages and salaries	466
Social security costs	48
Pension costs – defined contribution plans	29
	<hr/>
	543
	<hr/> <hr/>

The average number of employees during the period were as follows:

	<i>Period from 16 June 2005 to 30 June 2006 Number</i>
Management	3
Administration	2
	<hr/>
	5
	<hr/> <hr/>

Remuneration in respect of directors was as follows:

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Emoluments	389
Pension costs – defined contribution plans	28
	<hr/>
	417
	<hr/> <hr/>

During the period one director participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Emoluments	142
Pension costs – defined contribution plans	25
	<hr/>
	167
	<hr/> <hr/>

7. INTEREST EXPENSE

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Interest expense:	
– bank borrowings	18
– debt finance costs	35
	<u>53</u>

8. INTEREST INCOME

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Effective interest on loan stock	44
Bank interest receivable	5
	<u>49</u>

9. INCOME TAX

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Deferred tax credit	214

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated companies as follows:

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Loss before tax	<u>(680)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(204)
Associate profit	(19)
Expenses not deductible for tax purposes	9
Tax credit	<u>(214)</u>

10. LOSS PER SHARE

Basic and diluted

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<i>Period from 16 June 2005 to 30 June 2006 £'000</i>
Loss attributable to equity holders of the Company	(466)
Weighted average number of ordinary shares in issue (thousands)	14,195
Basic and diluted loss per share in pence	(3.28)p

There were no potentially dilutive shares in issue.

11. PROPERTY, PLANT AND EQUIPMENT

	<i>Fixtures & fittings £'000</i>	<i>Office equipment £'000</i>	<i>Total £'000</i>
Period ended 30 June 2006			
Additions	14	28	42
Depreciation charge	(1)	(5)	(6)
Closing net book amount at 30 June 2006	<u>13</u>	<u>23</u>	<u>36</u>
At 30 June 2006			
Cost	14	28	42
Accumulated depreciation	(1)	(5)	(6)
Net book amount	<u>13</u>	<u>23</u>	<u>36</u>

12. INVESTMENTS

	<i>Associate £'000</i>	<i>Equity in Convertible Loans £'000</i>	<i>Loans £'000</i>	<i>Total £'000</i>
Cost				
Additions	200	39	761	1,000
Notional interest adjustment	—	—	8	8
Share of profit of associates	62	—	—	62
At 30 June 2006	<u>262</u>	<u>39</u>	<u>769</u>	<u>1,070</u>
Net book value				
At 30 June 2006	<u>262</u>	<u>39</u>	<u>769</u>	<u>1,070</u>

In December 2005, Inland plc invested £200,000 in Howarth Homes plc and in return received ordinary shares amounting to 10 per cent. of the issued share capital of Howarth Homes plc.

Inland plc also subscribed for £800,000 convertible loan stock which can be convertible into ordinary shares at the option of Inland plc.

There are two dates when Inland plc could convert the loan stock:

- (a) £350,000 of these notes are convertible into 10 per cent. on 30 days notice between 1 October 2006 to 31 December 2008.
- (b) £450,000 of these notes are convertible into 10 per cent. on 30 days notice between 1 October 2006 to 31 December 2010.

As per the terms of the agreement with Howarth Homes plc, Inland plc is entitled to receive the full amount invested in these convertible loans, should the option to exercise these at the above dates not be taken up.

At 30 June 2006 the Company held or potentially held 20 per cent. or more of the equity of the following:

<i>Company name</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i> Holding</i>
Inland Homes Limited	England & Wales	Real estate development	100%
Farnborough Land Limited	England & Wales	Real estate development	100%
Howarth Homes plc	England & Wales	Housebuilder	10%

Investments in associates include goodwill of £42,000.

The Group's share of the results and its share of assets are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Assets £'000</i>	<i>Liabilities £'000</i>	<i>Revenue £'000</i>	<i>Profit £'000</i>	<i>% held</i>
Howarth Homes plc	England and Wales	<u>1,659</u>	<u>1,417</u>	<u>846</u>	<u>62</u>	<u>10%</u>

13. DEFERRED TAX

The net movement on the deferred tax account is as follows:

	<i>£'000</i>
Income statement credit (Note 9)	<u>214</u>
Period ended 30 June 2006	<u>214</u>

The movement in deferred tax assets is as follows:

	<i>Accelerated tax depreciation £'000</i>	<i>Losses £'000</i>	<i>Total £'000</i>
Credited to income statement	<u>(3)</u>	<u>217</u>	<u>214</u>
At 30 June 2006	<u>(3)</u>	<u>217</u>	<u>214</u>

The deferred income tax asset is recoverable as follows:

	<i>2006 £'000</i>
Deferred tax asset to be recovered within 12 months	<u>214</u>
	<u>214</u>

14. INVENTORIES

	<i>2006 £'000</i>
Stock and work in progress	<u>3,533</u>

During the period a total of £nil of inventories was included in the income statement as an expense.

15. TRADE AND OTHER RECEIVABLES

	<i>2006 £'000</i>
Prepayments	35
Other	<u>47</u>
	<u>82</u>

The carrying amounts of trade and other receivables approximate their fair values.

16. LOAN TO ASSOCIATE

	<i>2006 £'000</i>
Advances to associate	<u>380</u>

The company has granted a secured rolling facility of up to £2,000,000 to its associate.

17. CASH AND CASH EQUIVALENTS

	2006 £'000
Cash at bank and in hand	<u>815</u>

18. SHARE CAPITAL

	<i>Number of shares</i>	<i>Ordinary shares £'000</i>	<i>Total £'000</i>
Issue of shares	<u>32,792,870</u>	<u>3,279</u>	<u>3,279</u>
At 30 June 2006	<u>32,792,870</u>	<u>3,279</u>	<u>3,279</u>

The total authorised number of ordinary shares is 100,000,000 with a par value 10 pence per share. All issued shares are fully paid.

19. TRADE AND OTHER PAYABLES

	2006 £'000
Trade payables	92
Directors' loans	200
Social security and other taxes	15
Accruals and deferred income	<u>289</u>
	<u>596</u>

The carrying amounts of trade and other payables approximate their fair values.

20. DEFERRED PURCHASE CONSIDERATION

	2006 £'000
Deferred purchase consideration on inventories	<u>1,497</u>

A first charge on property included within inventories has been granted to the seller.

21. BORROWINGS

	2006 £'000
Current	
Bank borrowings	<u>525</u>

The sterling bank loan is secured by the land that was purchased using the loan.

The carrying amounts of borrowings approximate their fair values.

22. CONTINGENCIES

There were no contingent liabilities at 30 June 2006.

23. COMMITMENTS

The Group leases an office and some plant and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2006 £'000
Payable in one year	42
	<u>42</u>

24. RELATED PARTY TRANSACTIONS

The investment undertaken in Howarth Homes plc is a related party transaction as S Wicks and N Malde are both directors of Howarth Homes plc. As at 30 June 2006 Inland plc had invested £200,000 in ordinary share capital and a further £800,000 in convertible loan stock. These amounts are included within investments.

As at 30 June 2006 there was an amount due from Howarth Homes plc amounting to £380,000. This is included within other receivables and is in respect of a rolling facility provided to Howarth Homes plc for a maximum balance of £2,000,000. The balance outstanding attracts interest of 4 per cent. above the National Westminster Bank plc base rate. The interest received from Howarth Homes plc for the period ended 30 June 2006 amounted to £35,376.

Included within trade payables is an amount due to Stephen Wicks Developments Limited totalling £7,438. During the period the Group paid management charges to Stephen Wicks Developments Limited for directors services amounting to £166,667. The company is related by the fact that it is controlled by S Wicks (director).

During the period the Group paid fees to SLR Consulting Limited of £38,645, a subsidiary of SLR Holdings Limited. The company is related by the fact that N Malde is director of SLR Holdings Limited.

At 30 June 2006 the Group owed £193,139 to S Wicks and £6,723 to N Malde. These amounts are in respect of directors' loans to the company. Interest of 5 per cent. per annum is payable on the loan amount due to S Wicks. No interest is payable on the loan amount due to N Malde.

25. ULTIMATE CONTROLLING PARTY

S Wicks is considered to be the ultimate controlling party by virtue of his majority shareholding in the shares of the company.

26. TRANSITION TO IFRS

Introduction

Inland plc has previously produced and filed financial statements under UK Generally Accepted Accounting Practice (UK GAAP). For the purpose of the Admission Document it has produced these consolidated financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Reconciliations between IFRS and UK GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS, with notes to the reconciliations:

- net income at 30 June 2006
- equity at 30 June 2006

The company was incorporated on 16 June 2005 and these financial statements under IFRS are the first financial statements. The cash flow statement for the period ended 30 June 2006 under IFRS is also the same as under UK GAAP apart from presentational differences.

Reconciliation of net income for period ended 30 June 2006

	UK GAAP £'000	Associate's profit £'000	Notional interest £'000	Convertible loan stock £'000	IFRS £'000
Revenue	—	—	—	—	—
Cost of sales	(5)	—	—	—	(5)
Gross loss	(5)	—	—	—	(5)
Administrative expenses	(733)	—	—	—	(733)
Operating loss	(738)	—	—	—	(738)
Finance costs – net	17	—	(29)	8	(4)
	(721)	—	(29)	8	(742)
Share of profit of associate	—	62	—	—	62
Loss before tax	(721)	62	(29)	8	(680)
Taxation	214	—	—	—	214
Loss for the period	(507)	62	(29)	8	(466)

Reconciliation of equity at 30 June 2006

	UK GAAP £'000	Associate's profit £'000	Notional interest £'000	Convertible loan stock £'000	IFRS £'000
ASSETS					
Non-current assets					
Property, plant & equipment	36	—	—	—	36
Investments	1,000	62	—	8	1,070
Deferred tax	214	—	—	—	214
	1,250	62	—	8	1,320
Current assets					
Inventories	3,582	—	(49)	—	3,533
Trade and other receivables	82	—	—	—	82
Loan to associate	380	—	—	—	380
Cash and cash equivalents	815	—	—	—	815
	4,859	—	(49)	—	4,810
Total assets	6,109	62	(49)	8	6,130
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	3,279	—	—	—	3,279
Share premium account	699	—	—	—	699
Retained earnings	(506)	62	(29)	8	(466)
Total equity	3,471	62	(29)	8	3,512
LIABILITIES					
Current liabilities					
Trade and other payables	596	—	—	—	596
Deferred purchase consideration	1,517	—	(20)	—	1,497
Borrowings	525	—	—	—	525
Total current liabilities	2,638	—	(20)	—	2,618
Total liabilities	2,638	—	(20)	—	2,618
Total equity and liabilities	6,109	62	(49)	8	6,130

Notes to the reconciliations

- (a) The Group has applied IAS 28: Investments in Associates to its investment in Howarth Homes plc at 30 June 2006. The Company owns 10 per cent. of the equity but is able to exercise significant influence. The effect of equity accounting for Howarth Homes plc as an Associate is to take the Group's share of profit after tax of the Associate which amounts to £62,000.
- (b) In accordance with IAS 39, deferred payments arising from land creditors are to be held at discounted present value, hence recognising a financing element over the period of the deferred settlement terms. The land creditor is then increased to the settlement value over the period of financing, with the financing element charged as interest expense through the income statement.

The value of land held on the balance sheet and the corresponding land creditor is reduced by the financing element. The reduction in land value in inventories will result in an eventual reduction in cost of sales as the land is traded out. For the period ended 30 June 2006, this has resulted in an inclusion of notional interest of £29,000, a reduction of inventories by £49,000 and a net reduction in land creditors of £20,000.

- (c) The Group has applied IAS 39: Financial instruments: Recognition and Measurement to the Convertible Loan Stock in Howarth Homes plc. The effect of this is to separate the equity element of the convertible loan stock from the loan by discounting the asset to its net present value. The loan is then increased to the settlement value over the period of the loan stock with the net interest credited to the income statement and a corresponding increase in the loan stock. The effect of applying this Standard is to increase interest received by £8,000 and account for the equity element of the convertible loan stock at £39,000 and reducing the loan stock by a net amount of £31,000.

27. COMPANY INFORMATION

The company is a public limited company registered in England and Wales. The registered office and principal place of business is Trinity Court, Batchworth Island, Church Street, Rickmansworth, Hertfordshire, WD3 1RT.

The principal activity of the Group is to acquire residential and mixed use sites and seek planning consent for development.

PART II Interim results for the six months ended 31 December 2006

Chief Executive's review

The Group has raised £11.2 million from private and institutional investors ahead of our planned flotation on the AIM market to provide additional working capital primarily for land acquisition.

We are now preparing a major planning application for our Queensgate, Farnborough project which comprises 24.5 acres of brownfield land purchased from Defence Estates. Whilst there are still a number of hurdles to be overcome the site which is allocated for a mixed use development should in due course provide up to 500 homes as well as some commercial development. Short term rental income from the site currently provides £210,000 per annum.

Apart from Farnborough we have 8 other projects on which we are seeking planning consents.

During the period 25 building plots on two sites were sold with planning permissions secured by Inland. The sale of these sites produced an average return on equity of 122 per cent. and an average return on capital employed of 96 per cent. which we believe is highly satisfactory.

We believe our investment in Howarth Homes plc has excellent prospects. We have invested £1 million in equity and convertible loan stock which would allow Inland to own up to 30 per cent. of Howarth on full conversion.

We have provided Howarth with a mezzanine facility of £2 million which together with improved banking facilities from Royal Bank of Scotland has enabled significant growth to take place over the last 12 months. Howarth currently have 9 sites under construction comprising over 200 homes with over 40 per cent. having been pre-sold.

The planning system is unfortunately continuing to deteriorate and despite our tenacious approach and the skills of the land team and the professionals we work with, each consent is a hard fought battle. It is therefore to our credit that the first few consents have been obtained and sales generated within such a short space of time. We expect some further consents and sales in the second half of the year but timing is difficult to predict.

Against a backdrop of a stable housing market and an acute shortage of sites with planning permission in popular areas, we believe the prospects for Inland to become a major force in the residential development market look extremely attractive.

Stephen Wicks
Chief Executive

A. Consolidated Income Statement

		<i>6 months to 31 December 2006 (Unaudited) £'000</i>	<i>Period to 30 June 2006 (Unaudited) £'000</i>
	<i>Notes</i>		
Revenue	2	3,867	—
Cost of sales		(1,810)	(5)
Gross profit/(loss)		<u>2,057</u>	<u>(5)</u>
Administrative expenses		(640)	(733)
Operating profit/(loss)		<u>1,417</u>	<u>(738)</u>
Interest expense		(586)	(53)
Interest income		198	49
		<u>1,029</u>	<u>(742)</u>
Share of (loss)/profit of associate		(19)	62
Profit/(loss) before taxation		<u>1,010</u>	<u>(680)</u>
Income tax		(306)	214
Profit/(loss) for the period		<u><u>704</u></u>	<u><u>(466)</u></u>
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (pence)	3	<u><u>1.49p</u></u>	<u><u>(3.28p)</u></u>

B. Consolidated balance sheet

		At 31 December 2006 (Unaudited) £'000	At 30 June 2006 (Unaudited) £'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	4	59	36
Investments	5	1,006	808
Investments in associate	5	243	262
Deferred tax		159	214
		<u>1,467</u>	<u>1,320</u>
Current assets			
Inventories		27,119	3,533
Trade and other receivables		492	82
Loan to Associate		2,270	380
Cash and cash equivalents		4,568	815
		<u>34,449</u>	<u>4,810</u>
Total assets		<u><u>35,916</u></u>	<u><u>6,130</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	6	6,212	3,279
Share premium account		7,635	699
Retained earnings		238	(466)
Other reserves		6	—
Total equity		<u><u>14,091</u></u>	<u><u>3,512</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables		321	596
Current tax liabilities		251	—
Deferred purchase consideration		4,957	1,497
Borrowings		1,700	525
Total current liabilities		<u>7,229</u>	<u>2,618</u>
Non-current liabilities			
Deferred purchase consideration		14,596	—
Total non-current liabilities		<u>14,596</u>	<u>—</u>
Total liabilities		<u><u>21,825</u></u>	<u><u>2,618</u></u>
Total equity and liabilities		<u><u>35,916</u></u>	<u><u>6,130</u></u>

The interim statement was approved by the Board of Directors on 6 March 2007.

Consolidated statement of changes in equity

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Other reserves £'000</i>	<i>Total £'000</i>
Loss attributable to shareholders	—	—	(466)	—	(466)
Total recognised expenses	—	—	(466)	—	(466)
Issue of equity	3,279	699	—	—	3,978
At 30 June 2006	<u>3,279</u>	<u>699</u>	<u>(466)</u>	<u>—</u>	<u>3,512</u>
Fair value adjustment in respect of available for sale financial assets	—	—	—	6	6
Net income recognised directly in equity	—	—	—	6	6
Profit attributable to shareholders	—	—	704	—	704
Total recognised income	—	—	704	6	710
Issue of shares	2,933	6,936	—	—	9,869
At 31 December 2006	<u>6,212</u>	<u>7,635</u>	<u>238</u>	<u>6</u>	<u>14,091</u>

C. Consolidated cash flow statement

	<i>6 months to 31 December 2006 (Unaudited) £'000</i>	<i>Period to 30 June 2006 (Unaudited) £'000</i>
Cash flows from operating activities	1,010	(680)
Profit/(loss) for the period before tax		
Adjustments for:		
– depreciation	6	6
– interest income	(198)	(49)
– interest expense	586	53
– share of profit of associate	19	(62)
Changes in working capital (excluding the effects of acquisition):		
– increase in inventories	(26,772)	(3,582)
– increase in trade and other receivables	(2,300)	(462)
– increase in trade and other payables	20,444	2,106
Net cash outflow from operating activities	<u>(7,205)</u>	<u>(2,670)</u>
Investing activities		
Interest received	193	41
Purchases of property, plant and equipment	(29)	(43)
Purchase of listed investments	(186)	—
Equity investment in Associate	—	(200)
Convertible Loan Stock in Associate	—	(800)
Net cash used in investing activities	<u>(22)</u>	<u>(1,002)</u>
Financing activities		
Interest paid	(64)	(16)
Repayments of bank borrowings	(525)	—
New bank loans raised	1,700	525
Issue of shares	9,869	3,978
Net cash from financing activities	<u>10,980</u>	<u>4,487</u>
Net increase in cash and cash equivalents	3,753	815
Cash and cash equivalents at beginning of period	815	—
Cash and cash equivalents at the end of the period	<u>4,568</u>	<u>815</u>

NOTES TO THE CONSOLIDATED INTERIM STATEMENT

The financial information contained in this report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The full accounts for the period ended 30 June 2006, which were prepared under UK GAAP and which received an unqualified report from the auditors, and did not contain a statement under s237(2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies. The unaudited financial information contained in this report has been prepared on the basis of the accounting policies set out in note 1. Comparative figures for the period ended 30 June 2006 contained within this report are detailed together with reconciliations explaining the transition to IFRS are in the notes to the consolidated interim statement.

1. ACCOUNTING POLICIES

The financial statements have been prepared using the accounting policies adopted by the Group for the period ended 30 June 2006 except in so far as they have been amended as result of adopting International Financial Reporting Standards. All of the new or revised accounting policies are detailed below. The comparative figures for 30 June 2006 have been derived from the audited financial statements for that period, adjusted where necessary for the inclusion of changes resulting from the adoption of International Financial Accounting Standards.

Basis of preparation

The consolidated interim statement has been prepared in accordance with recognition and measurement requirements of International Financial Reporting Standards (“IFRS”) IAS 34 Interim Financial reporting. This statement does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the period ended 30 June 2006.

The financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain non-current assets. The measurement bases and principal accounting policies of the Group are set out below.

The policies have changed from the previous period, its first accounting period, when the financial statements were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS. The changes to accounting policies are explained in the notes, together with the reconciliation of the result for the period and the closing balance sheet.

The Group has taken advantage of certain exemptions available under IFRS 1 First-time adoption of International Financial Reporting Standards. The exemptions are explained under respective accounting policies.

Standards in issue but not yet effective

IFRS 7 Financial Instruments requires new disclosures relating to financial instruments. This standard will not have an impact on the classification or valuation of the Group’s financial instruments.

IFRS 8 Operating Segments requires the Group to adopt a management approach to reporting on their operating segments. This standard will not have an impact on the Group reporting segments.

Basis of consolidation

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 31 December 2006. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are

included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Associates

Associates are those entities over which the Group has significant influence but which are neither subsidiaries nor interests in joint ventures. Investments in associates are recognised initially at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase method accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates.

All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in "share of profits of associates" in the consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Items that have been recognised directly in the associate's equity are recognised in the consolidated equity of the Group. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods and services supplied, excluding VAT and trade discounts. Revenue is recognised upon the transfer of risk to the customer.

Sale of land

Revenue from the sale of land is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when contracts have been completed
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold which is generally when the contract has been completed
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental income is recognised on a straight line basis over the lease term.

Dividends

Dividends are recognised when the shareholders right to receive payment is established.

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale or revaluation of held for sale assets is included in “other income” or “other expense” in the income statement. Any revaluation surplus remaining in equity on disposal of the asset is transferred to the profit and loss reserve.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the straight line method where it reflects the basis of consumption of the asset. The rates generally applicable are:

Fixtures & fittings – 25 per cent.

Office and computer equipment – 25 per cent.

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Cost includes cost of land and associated costs in relation to acquisition and process of application for planning permission less discount for deferred payment terms. Net realisable value is the anticipated sale value less costs to obtain planning permission.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures unless reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land not included in the inventories) in which case the related deferred tax is also charged or credited directly to equity.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability. Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date of entering into the lease agreement.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Employee benefits

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Financial assets

Financial assets, are divided into the following categories: loans and receivables and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit and loss are recognised at fair value plus finance costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be re-classified subsequently.

Financial assets are designated as at fair value through profit or loss where they eliminate or significantly reduce a measurement (or recognition) mismatch.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and loans to Associate are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Regular way purchases and sales are accounted for on trade date.

Interest and other cash flows resulting from holding financial assets are recognised in the income statement when receivable, regardless of how the related carrying amount of financial assets is measured.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire, or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards if ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are classified as held-for-trading or designated as at fair value through profit or loss on initial recognition. Financial liabilities are designated as at fair value through profit or loss where they eliminate or significantly reduce a measurement (or recognition) mismatch.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Dividends

Dividend distributions payable to equity shareholders are included in “other short term financial liabilities” when the dividends are approved in general meeting prior to the balance sheet date.

Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities.

Equity comprises the following:

“Share capital” represents the nominal value of equity shares.

“Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

“Profit and loss reserve” represents retained profits.

2. SEGMENT REPORTING

At 30 June 2006, the Group is organised into one business segment in one geographical area consequently there is no segmental information presented in these preliminary International Financial Reporting Standard financial statements.

3. EARNINGS/(LOSS) PER SHARE

Basic and diluted

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<i>6 months to 31 December 2006 (Unaudited) £'000</i>	<i>Period to 30 June 2006 (Unaudited) £'000</i>
Profit/(loss) attributable to equity holders of the Company	<u>704</u>	<u>(466)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>47,258</u>	<u>14,195</u>
Basic and diluted profit/(loss) per share in pence	<u><u>1.49p</u></u>	<u><u>(3.28p)</u></u>

There are no potentially dilutive shares in issue.

4. PROPERTY, PLANT & EQUIPMENT

During the six months ended 31 December 2006 the Group acquired assets with a cost of £29,000. Depreciation of £6,000 was charged.

5. INVESTMENTS

	<i>Associate</i> <i>£'000</i>	<i>Available</i> <i>for sale</i> <i>assets</i> <i>£'000</i>	<i>Equity in</i> <i>Convertible</i> <i>Loans</i> <i>£'000</i>	<i>Loans</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost					
At 1 July 2006	262	—	39	769	1,070
Additions	—	186	—	—	186
Fair value adjustment	—	6	—	—	6
Notional interest adjustment	—	—	—	6	6
Share of profit of associates	(19)	—	—	—	(19)
At 30 June 2006	<u>243</u>	<u>192</u>	<u>39</u>	<u>775</u>	<u>1,249</u>
Net book value					
At 30 June 2006	<u>243</u>	<u>192</u>	<u>39</u>	<u>775</u>	<u>1,249</u>

6. SHARE CAPITAL

Shares in issue

	<i>6 months to</i> <i>31 December</i> <i>2006</i> <i>(Unaudited)</i>	<i>Period to</i> <i>30 June</i> <i>2006</i> <i>(Unaudited)</i>
Shares in issue at start of period	32,792,866	—
Shares issued	<u>29,329,193</u>	<u>32,792,866</u>
Net shares in issue	<u>62,122,059</u>	<u>32,792,866</u>

7. UK GAAP RECONCILIATIONS

Introduction

Inland plc has previously produced and filed financial statements under UK Generally Accepted Accounting Practice (UK GAAP). For the purpose of the Admission Document it has produced this consolidated interim financial statement in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Reconciliations between IFRS and UK GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS, with notes to the reconciliations:

– net income at 30 June 2006

– equity at 30 June 2006

Equity at 16 June 2005 under IFRS is the same as under UK GAAP. The cash flow statement for the period ended 30 June 2006 under IFRS is also the same as under UK GAAP apart from presentational differences.

Reconciliation of net income for period ended 30 June 2006

	UK GAAP £'000	Associate's profit £'000	Notional interest £'000	Convertible loan stock £'000	IFRS £'000
Revenue	—	—	—	—	—
Cost of sales	(5)	—	—	—	(5)
Gross loss	(5)	—	—	—	(5)
Administrative expenses	(733)	—	—	—	(733)
Operating loss	(738)	—	—	—	(738)
Finance costs – net	17	—	(29)	8	(4)
	(721)	—	(29)	8	(742)
Share of profit of associate	—	62	—	—	62
Loss before tax	(721)	62	(29)	8	(680)
Taxation	214	—	—	—	214
Loss for the period	(507)	62	(29)	8	(466)

Reconciliation of equity at 30 June 2006

	UK GAAP £'000	Associate's profit £'000	Notional interest £'000	Convertible loan stock £'000	IFRS £'000
ASSETS					
Non-current assets					
Property, plant & equipment	36	—	—	—	36
Investments	1,000	62	—	8	1,070
Deferred tax	214	—	—	—	214
	1,250	62	—	8	1,320
Current assets					
Inventories	3,582	—	(49)	—	3,533
Trade and other receivables	82	—	—	—	82
Loan to associate	380	—	—	—	380
Cash and cash equivalents	815	—	—	—	815
	4,859	—	(49)	—	4,810
Total assets	6,109	62	(49)	8	6,130
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	3,279	—	—	—	3,279
Share premium account	699	—	—	—	699
Retained earnings	(506)	62	(29)	8	(466)
Total equity	3,471	62	(29)	8	3,512
LIABILITIES					
Current liabilities					
Trade and other payables	596	—	—	—	596
Deferred purchase consideration	1,517	—	(20)	—	1,497
Borrowings	525	—	—	—	525
Total current liabilities	2,638	—	(20)	—	2,618
Total liabilities	2,638	—	(20)	—	2,618
Total equity and liabilities	6,109	62	(49)	8	6,130

Notes to the reconciliations

- (a) The Group has applied IAS 28: Investments in Associates to its investment in Howarth Homes plc at 30 June 2006. The effect of equity accounting for Howarth Homes plc as an Associate is to take the Group's share of profit after tax of the Associate which amounts to £62,000.
- (b) In accordance with IAS 39, deferred payments arising from land creditors are to be held at discounted present value, hence recognising a financing element over the period of the deferred settlement terms. The land creditor is then increased to the settlement value over the period of financing, with the financing element charged as interest expense through the income statement.

The value of land held on the balance sheet and the corresponding land creditor is reduced by the financing element. The reduction in land value in inventories will result in an eventual reduction in cost of sales as the land is traded out. For the period ended 30 June 2006, this has resulted in an inclusion of notional interest of £29,000, a reduction of inventories by £49,000 and a net reduction in land creditors of £20,000.

- (c) The Group has applied IAS 39: Financial instruments: Recognition and Measurement to the Convertible Loan Stock in Howarth Homes plc. The effect of this is to separate the equity element of the convertible loan stock from the loan by discounting the asset to its net present value. The loan is then increased to the settlement value over the period of the loan stock with the net interest credited to the income statement with a corresponding increase in the loan stock. The effect of applying this Standard is to increase interest received by £8,000 and account for the equity element of the convertible loan stock at £39,000 and reducing the loan stock by a net amount of £31,000.

APPENDIX IV

Additional information

1. Responsibility for information in this document

- (a) The Inland Directors, whose names are set out in paragraph 2(a) below, accept responsibility for the information contained in this document other than the information for which responsibility is taken by the PI Directors in paragraph 1 (b) below. Subject as aforesaid, to the best of the knowledge and belief of the Inland Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The PI Directors, whose names are set out in paragraph 2(b) below, accept responsibility for the information contained in this document relating to Poole Investments, the PI Directors, their immediate families, related trusts and connected persons and the recommendation and opinions contained in the letter from the Chairman of PI set out in Part I of this document (save in each case for information on Inland's future plans for PI). Subject as aforesaid, to the best of the knowledge and belief of the PI Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- (a) The Inland Directors and their respective functions are:

Terry Roydon	<i>Non-Executive Chairman</i>
Stephen Wicks	<i>Chief Executive</i>
Nishith Malde FCA	<i>Finance Director</i>
Simon Bennett	<i>Non-Executive Director</i>

Inland is incorporated in England and Wales with registered number 05482990. Each of the Inland Directors has his business address at Trinity Court, Batchworth Island, Church Street, Rickmansworth, Hertfordshire WD3 1RT, which is the registered office of Inland.

- (b) The PI Directors and their respective functions are:

Tony Palmer	<i>Non-Executive Chairman</i>
David Booth	<i>Director</i>
David Cicurel	<i>Non-Executive Director</i>

PI is incorporated in England and Wales with registered number 02282021. Each of the PI Directors has his business address at Unit 19, 21 Charlwoods Road, East Grinstead, West Sussex RH19 2HL, which is the registered office of Poole Investments.

3. London Stock Exchange Market Quotations

The following table shows the middle market quotations of a PI Share, as derived from the AIM section of the Daily Official List for the first dealing day in each of the six months prior to the date of this document, for 2 July 2007 (being the last dealing day prior to the commencement of the Offer Period) and for 8 August 2007 (being the latest available date prior to the posting of this document):

<i>Date</i>	<i>Price (p)</i>
(2007)	
1 March	3.00
2 April	3.25
1 May	3.75
1 June	3.75
2 July	4.38
1 August	5.63
8 August	5.50

4. Disclosure of interests, undertakings and dealings

(a) Definitions and references

For the purposes of this paragraph 4:

- (i) “acting in concert” refers to persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company, and associates of Inland who are presumed to be acting in concert with Inland for the purposes of the City Code;
- (ii) an “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (iii) “associate” means, in relation to a company:
 - (A) subsidiaries and associated companies of such company and companies of which any such subsidiaries or associated companies are associated companies (“relevant companies”);
 - (B) banks, financial and other professional advisers (including stockbrokers) to such company, as the case may be, or any relevant company, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;
 - (C) the directors of such company or the directors of any relevant company (together in each case with their close relatives and related trusts);
 - (D) the pension funds of such company or of any relevant company;
 - (E) an investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
 - (F) a person who owns or controls 5 per cent. or more of any class of relevant securities issued by such company, including a person who as a result of any transaction owns or controls 5 per cent. or more; and
 - (G) a company having a material trading arrangement with such company,and for the purposes of this definition, a “bank” does not include a bank whose sole relationship with such company is the provision of normal commercial banking services or such activities in connection with the Offer as handling acceptances and other registration work;
- (iv) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company irrespective of whether such interest or interests give *de facto* control;
- (v) “dealing” or “dealt” includes:
 - (A) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or of general control of relevant securities;
 - (B) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising or varying an option in respect of any relevant securities;
 - (C) subscribing or agreeing to subscribe for relevant securities;
 - (D) exercising or converting any relevant securities carrying conversion or subscription rights;
 - (E) acquiring, disposing of, entering into, closing out, exercising of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
 - (F) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (G) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (vi) “derivative” includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;

- (vii) “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative;
- (viii) “interest” in relevant securities includes where a person:
- (A) owns relevant securities;
 - (B) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (C) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (D) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them.
- (ix) “Inland securities” means any shares in the capital of Inland or any securities convertible into or rights to subscribe for or options in respect of shares in the capital of Inland;
- (x) “PI securities” means any shares in the capital of PI or any securities convertible into or rights to subscribe for or options in respect of shares in the capital of PI;
- (xi) “relevant securities” means Inland securities and PI securities; and
- (xii) “disclosure period” means the period commencing on 3 July 2006 (being the date 12 months prior to the commencement of the Offer Period) and ending on 8 August 2007 (being the latest practicable date prior to the posting of this document).
- (b) *Shareholdings, interests and dealings in Inland securities*
- (i) As at 8 August 2007, (being the latest practicable day prior to the posting of this document) Poole Investments does not own any relevant Inland securities nor has Poole Investments dealt for value therein during the disclosure period.
 - (ii) As at the date of this document, none of the PI Directors, their immediate families or any person connected with a PI Director (within the meaning of Section 346 of the Act) have any interest in Inland securities or interest in securities of any of its subsidiaries, whether beneficial or non-beneficial, nor have they dealt for value therein during the disclosure period.
- (c) *Shareholdings, interests and dealings in PI securities*
- (i) As at the close of business on 8 August 2007 (being the latest practicable day prior to the posting of this document) Inland was the beneficial holder of 15,821,500 PI Shares representing approximately 8.6 per cent. of PI’s issued ordinary share capital. Starlight Investments Ltd. which is deemed to be acting in concert with Inland holds 14,250,000 PI Shares representing approximately 7.7 per cent. of the PI Shares in issue.
 - (ii) Certain of the Poole Investments Directors, David Cicurel Securities Ltd, Judges Capital plc and Starlight Investments Ltd. have given irrevocable undertakings to accept the Offer in respect of a total of 27,602,854 PI Shares.
 - (iii) As at the close of business on 8 August 2007 (being the latest practicable date prior to the posting of this document), the interests of the Poole Investments Directors and their respective immediate families, related trusts and (so far as the Poole Investments Directors are aware having made due and careful enquiry) connected persons, all of which are beneficial unless otherwise stated, in relevant Poole Investments securities were as follows:

<i>Name</i>	<i>Number of PI Shares</i>
Tony Palmer	112,346
David Booth	3,440,508
David Cicurel	4,100,000

David Cicurel is associated with certain other PI Shareholders as set out in paragraph 7 (e) of Appendix IV

Save for the above, as at the date specified above, none of the PI Directors, their immediate families or any person connected with a PI Director (within the meaning of Section 346 of the Act) have any interest in PI securities or interest in securities of any of its subsidiaries, whether beneficial or non-beneficial and none of them have dealt therein during the disclosure period.

David Cicurel has an indirect interest in 5,700,000 PI Shares held by Judges Capital plc, representing approximately 3.1 per cent. of the PI Shares in issue.

- (iv) The following dealings for value in PI securities by Inland, persons acting in concert with Inland, associates of Inland or Inland Directors and their immediate families, PI, associates of PI or PI Directors and their immediate families have taken place during the disclosure period:

<i>Date 2007</i>	<i>Name</i>	<i>Nature</i>	<i>No. of PI Shares</i>	<i>Price per PI Share</i>
3 April	S Wicks*	Purchase	25,000	3.50p
12 April	Inland	Purchase	750,000	3.67p
30 April	S Wicks*	Purchase	125,000	3.75p
1 May	S Wicks*	Purchase	100,000	3.75p
4 May	Inland	Purchase	250,000	3.75p
18 May	S Wicks*	Purchase	10,000	3.94p
25 May	S Wicks*	Purchase	50,000	3.90p
30 May	S Wicks*	Purchase	50,000	4.00p
31 May	Inland	Purchase	250,000	4.00p
4 June	S Wicks*	Purchase	100,000	4.00p
5 June	S Wicks*	Purchase	90,000	4.25p
6 June	S Wicks*	Purchase	50,000	4.25p
15 June	S Wicks*	Purchase	100,000	4.50p
18 June	S Wicks*	Purchase	100,000	4.50p
20 June	S Wicks*	Purchase	100,000	4.50p
22 June	S Wicks*	Purchase	100,000	4.50p
25 June	S Wicks*	Purchase	150,000	4.75p
26 June	S Wicks*	Purchase	150,000	4.75p
29 June	S Wicks*	Purchase	150,000	5.00p
3 July	S Wicks*	Purchase	50,000	4.50p
5 July	S Wicks**	Transfer	(1,500,000)	4.405p**
5 July	Inland**	Transfer	1,500,000	4.405p**
6 July	S Wicks Pension Fund	Sale	400,000	5.00p
6 July	Inland	Purchase	400,000	5.00p
19 July	Inland	Purchase	12,671,500	6.00p

* indicates purchases by S Wicks as agent for Inland.

** On 3 July 2007, S Wicks transferred these 1,500,000 PI Shares to Inland on a no gain no loss basis for a net average price of 4.405p which includes £470.01 re-imburement of dealing costs.

(d) *General*

Save as disclosed in this document, as at 8 August 2007 (being the latest practicable date prior to the posting of this document):

- (i) none of Inland nor any of the Inland Directors or their immediate families and relatives or any persons acting or deemed to be acting in concert with Inland nor, so far as the Inland Directors are aware, any associate of Inland:
- (A) had any interest in or a right to subscribe for any relevant securities;
 - (B) engaged in dealing in any relevant securities during the disclosure period;
 - (C) had any short position in, was party to any agreement to sell, or subject to any delivery obligation in respect of, or had the right to require another person to purchase or take delivery of, any relevant securities; or
 - (D) had borrowed or lent any relevant securities.
- (ii) none of Poole Investments nor any of the PI Directors nor their immediate families and relatives nor any persons acting or deemed to be acting in concert with Poole Investments nor, so far as the PI Directors are aware, any associate of Poole Investments:
- (A) had any interest in or a right to subscribe for any relevant securities;
 - (B) engaged in dealing in any relevant securities during the disclosure period;
 - (C) had any short position in, was party to any agreement to sell, or subject to any delivery obligation in respect of, or had the right to require another person to purchase or take delivery of, any relevant securities; or

- (D) had borrowed or lent any relevant securities.
- (iii) neither Inland nor any person acting in concert with Inland nor, so far as the Inland Directors are aware, any associate of Inland is party to any arrangement of the kind referred to in paragraph 4(a)(ii).
- (iv) neither Poole Investments nor any person acting in concert with Poole Investments nor, so far as the PI Directors are aware, any associate of Poole Investments, is party to any arrangement of the kind referred to in paragraph 4(a)(ii).
- (v) no agreement, arrangement or understanding (including any compensation arrangement) exists between Inland or any party acting in concert with it and any of the PI Directors, recent directors of PI, shareholders or recent shareholders of PI, or any person interested or recently interested in PI securities, having any connection with, or dependence upon, the Offer.

5. Service contracts of the directors of Poole Investments

- (a) Each of the Directors of Poole Investments has a contract for services with the Company details of which are set out below:

<i>Director</i>	<i>Date of contract</i>	<i>Commencement date</i>	<i>Notice period</i>	<i>Fees</i>
Tony Palmer	6 September 2004	28 May 2004	12 months' written notice by either party	£20,000 <i>plus</i> £1,666.67 for each completed month, payable on satisfaction of one of the conditions described below
David Booth	6 September 2004	28 May 2004	12 months' written notice by either party	£15,000 per annum payable in arrears in equal monthly instalments <i>plus</i> a further £15,000 payable on satisfaction of one of the conditions described below
David Cicurel*	6 September 2004	24 June 2004	12 months' written notice by either party	£15,000 <i>plus</i> £1,250 for each completed month, payable on satisfaction of one of the conditions described below

* NB: this contract was originally entered into between (1) the Company and (2) David Cicurel (Investments) Limited, but was assigned to David Cicurel with effect from 1 March 2006.

Conditions to be satisfied for fees to become payable

With the exception of the annual fee of £15,000 which is payable to David Booth in arrears in equal monthly instalments, under the terms of each contract for services, the fees payable to the Directors of Poole Investments for services provided under such contracts are not payable until the earlier of: (i) a sale of the Company's Property and (ii) an offer for the entire or majority share capital of the Company being received and recommended by the board of directors to PI Shareholders, occurring.

Upon one of the conditions described above being met, each of the contracts for services can be terminated by the Company with immediate effect.

Notwithstanding the provisions of the contracts for services described above, each of the PI Directors has agreed that such fees would only be payable on the Offer becoming or being declared wholly unconditional.

- (b) In addition to the fees set out above, each of the PI Directors is entitled to be reimbursed monthly in arrears for all reasonable out of pocket expenses and in respect of business mileage at agreed rates.
- (c) Also, in addition to the fees set out above, David Booth is entitled to receive an additional payment in the sum of £15,000 for additional work carried out by him in connection with an offer for the entire issued share capital of the Company (which includes the Offer). David Booth has agreed that such fee would be payable by the Company on the Offer becoming or being declared wholly unconditional.
- (d) Each of the Directors of Poole Investments has agreed to resign as a director of the Company subject to the Offer being declared wholly unconditional.
- (e) Except as stated in this paragraph 5 there have been no amendments made in respect of any of the PI Directors' contracts for services within the six month period prior to the date of this document.

6. Material contracts of PI

The following contract (not being a contract entered into in the ordinary course of business) is the only contract entered into by Poole Investments during the two years preceding the date of the commencement of the Offer Period which is, or may be, material:

An exclusivity and inducement fee letter dated 9 August 2007 and made between Poole Investments and Inland pursuant to which, in consideration for Inland incurring expenses with respect to due diligence in relation to the Offer, Poole Investments has agreed (i) to grant Inland a period of exclusivity from the date of the announcement until 45 days after the 9 August 2007 (the "End Date") such that Poole Investments may not seek to enter or enter into arrangements with a third party in connection with an offer for Poole Investments or the disposal of a material part of its assets (or issue new shares or make any financing arrangements) and (b) to pay an inducement fee of £100,000 (inclusive of VAT and representing less than 1 per cent. of the value of the Offer) in the event that (i) Poole Investments breaches the exclusivity arrangements, (ii) on or before the End Date, Poole Investments disposes of or encumbers the property in Hamworthy, Poole, (iii) the recommendation of the Offer by the Board of Poole Investments is subsequently withdrawn or otherwise adversely modified or (iv) a third party makes an offer for Poole Investments which subsequently becomes or is declared wholly unconditional and (c) to notify Inland if it becomes aware that any of the matters in (i) to (iv) above have occurred.

7. Other information

- (a) Dawnay Day, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to Inland in connection with the Offer. Persons receiving this document should note that Dawnay Day will not be responsible to anyone other than Inland for providing the protections afforded to customers of Dawnay Day nor for providing advice in relation to the Offer or any other matter referred to herein.
- (b) Zeus Capital, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to PI for the purposes of Rule 3 of the City Code and no one else in connection with the Offer and will not be responsible to anyone other than PI for providing the protections afforded to customers of Zeus Capital nor for providing advice in relation to the Offer or any other matter referred to herein.
- (c) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the PI Shares to be acquired by Inland pursuant to the Offer will or may be transferred to any other person, save that Inland reserves the right to transfer any such shares to any company within the Inland Group.
- (d) Inland has made a gratuitous contribution to Poole Investments of £23,625 towards costs arising from the Offer and other matters relating thereto.
- (e) Dawnay Day is ultimately controlled by Guy Naggar and Peter Klimt both of whom are non executive directors of Dawnay Day. Guy Naggar and Peter Klimt also control Starlight Investments Limited, which holds 14,250,000 PI Shares representing 7.7 per cent. of its issued share capital. David Cicurel, a director of Poole Investments, is Guy Naggar's nephew and is a director and beneficial shareholder of Judges Capital plc which holds 5,700,000 PI Shares representing 3.1 per cent. of its issued share capital and is also a former director of Starlight Investments Ltd. David Cicurel Securities Limited, a company owned by a trust settled by David Cicurel, holds 4,100,000 PI Shares representing 2.2 per cent. of its issued share capital. Guy Naggar, Peter Klimt and/or entities associated with them have an interest in 22.7 per cent. of the issued share capital of Judges Capital plc. Neither Guy Naggar nor Peter Klimt nor David Cicurel have any interest in Inland Shares. Save for the advisory relationship with Dawnay Day, there is no connection between Inland and any of Guy Naggar, Peter Klimt or David Cicurel.

The Takeover Panel has ruled that Starlight Investments Ltd. is acting in concert with Dawnay Day (adviser to Inland) and is therefore deemed to also be acting in concert with Inland.

- (f) Dawnay Day has given and has not withdrawn its written consent to the issue of this document with the inclusion therein of references to them in the form and context in which they respectively appear and has approved this document for the purposes of S21 of FSMA.
- (g) Zeus Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion therein of references to them in the form and context in which they respectively appear.

8. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday and Sunday excepted) at the offices of Dorsey & Whitney, 21 Wilson Street, London EC2M 2TD until 14 days after the Offer lapses or is declared unconditional:

- (a) the Memorandum and Articles of Association of Inland;
- (b) the audited accounts of Inland for the year ended 30 June 2006 and the unaudited interim financial statements of Inland for the six month period ended 31 December 2006;
- (c) the Memorandum and Articles of Association of Poole Investments;
- (d) the audited accounts of Poole Investments for the years ended 31 May 2005, 31 May 2006 and 31 May 2007;
- (e) the service contract of the directors referred to in paragraph 5 of this Appendix IV;
- (f) the material contract referred to in paragraph 6 of this Appendix IV;
- (g) the letters of consent referred to in paragraph 7 of this Appendix IV;
- (h) this document and the Form of Acceptance; and
- (i) the irrevocable undertakings to accept the Offer referred to in Part I of this document.

Dated 9 August 2007

APPENDIX V

Definitions

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

Act	Companies Act 1985 (as amended)
AIM	a market operated by London Stock Exchange, otherwise known as the Alternative Investment Market
AIM Rules	the rules of the London Stock Exchange governing AIM
Board	as the context requires, the board of directors of Poole Investments or the board of directors of Inland and the terms “ Poole Investments Board ”, “ Board of Poole Investments ”, “ Inland Board ” and “ Board of Inland ” shall be construed accordingly
Business Day	any day (other than a public holiday, Saturday or Sunday) on which clearing banks in London are open for normal business
Capita Registrars	a trading name of Capita IRG Plc
certificated or in certificated form	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
City Code or Code	The City Code on Takeovers and Mergers
Closing Price	the closing middle market quotation of a share as derived from the AIM section of the Daily Official List of the London Stock Exchange
CREST	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
CREST Manual	the CREST Manual issued by CREST dated May 1996
CREST member	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
CREST participant	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
CREST payment	has the meaning given in the CREST Manual issued by Euroclear
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI No. 2001/3755)
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
Daily Official List	the Daily Official List of the London Stock Exchange
Dawnay Day	Dawnay, Day Corporate Finance Limited, financial adviser to Inland, incorporated and registered in England and Wales with registered number 01154048
Disclosed	disclosed in the annual report and accounts of Poole Investments for the year ended 31 May 2007 or publicly announced through a RIS or otherwise disclosed in the course of the due diligence undertaken by or on behalf of Inland in relation to Poole Investments prior to the date hereof, including without limitation, the matters set out in any report prepared for Inland by any of its advisers or consultants as part of such process
Electronic Acceptance	the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document

ESA instruction	an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST manual issued by Euroclear)
Escrow Agent	Capita IRG Plc, (in its capacity as an escrow agent, as described in the CREST Manual)
Euroclear	Euroclear UK and Ireland Limited the operators of CREST
First Closing Date	The first closing date of the Offer being 6 September 2007
Form of Acceptance	the form of acceptance and authority relating to the Offer accompanying copies of this document being sent to holders of PI Shares in certificated form
FSMA	the Financial Services and Markets Act 2000, as amended
Howarth Homes	Howarth Homes Limited, incorporated and registered in England and Wales with registered number 02274807
IFRS	the International Financial Reporting Standards as adopted for use in by the EU in accordance with Article 3 of the IAS Regulation (EC) No. 1606/2002
Inland	Inland plc, incorporated and registered in England and Wales with registered number 05482990
Inland Directors	the directors of Inland at the date of this document
Inland Shares	the existing issued ordinary shares of 10 pence each in the capital of Inland
Inland Group	Inland and its subsidiaries
Inland Homes	Inland Homes Limited, incorporated and registered in England and Wales with registered number 05482989
London Stock Exchange member account ID	London Stock Exchange plc the identification code or number attached to any member account in CREST
Offer or Recommended Cash Offer	the recommended cash offer made by Inland to acquire the entire issued and to be issued ordinary share capital of Poole Investments not already owned by Inland on the terms and subject to the conditions set out in this document and the Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension, or renewal of such offer
Offer Period	the period referred to in paragraph 5(c) of Part B of Appendix I being the period commencing on 3 July 2007 until the latest of 6 September and the date on which the Offer lapses or becomes unconditional
Offer Price	6 pence per PI Share
Overseas Shareholders	PI Shareholders (or nominees of, or custodians or trustees for PI Shareholders) not resident in or citizens of the United Kingdom
Panel or Takeover Panel participant ID	the Panel on Takeovers and Mergers the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
PI Shareholders or Shareholders	holders of PI Shares
PI Shares or Shares in Poole Investments	the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 1 pence each in the capital of Poole Investments and any further such shares which are unconditionally allotted or issued fully paid (or credited as fully paid) on or prior to the date on which the Offer closes or, subject to the provisions of the City Code, by such earlier date or dates as Inland may determine (but excluding any such shares held or which become held in treasury)
Poole Investments or PI or the Company	Poole Investments plc, incorporated and registered in England and Wales with registered number 02282021

Poole Investments Directors or Directors of Poole Investments	the directors of Poole Investments at the date of this document
Property	a 9.5 acre plot of land in Lower Hamworthy, Poole, Dorset which is owned by the Company
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
Regulatory Information Service or RIS	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the London Stock Exchange's website
Restricted Jurisdiction	any jurisdiction where extension, delivery, receipt or acceptance of the Offer would violate the laws or relevant rules of that jurisdiction. For the avoidance of doubt the United States and Japan are Restricted Jurisdictions and no E.U. country is a Restricted Jurisdiction;
Securities Act	the United States Securities Act of 1933, as amended
subsidiary and subsidiary undertaking	have the meanings given to those terms in the Act
Substantial Interest	a direct or indirect interest in 20 per cent. or more of the voting or equity capital (or equivalent) of an undertaking
TFE instruction	a Transfer from Escrow instruction (as described in the CREST manual issued by Euroclear)
TTE Instruction	a Transfer to Escrow instruction (as described in the CREST Manual) in relation to PI Shares in uncertificated form meeting the requirements set out in paragraph 12(b) of the letter from Inland contained in Part II of this document
treasury shares	any PI Shares held by Poole Investments as treasury shares
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland (and its dependent territories)
UK Listing Authority or UKLA	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
uncertificated or in uncertificated form	a PI Share which is for the time being recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
United States of America or United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US Person	a US person as defined in Regulation S under the Securities Act
Wider Poole Investments Group	Poole Investments and associated undertakings (including any joint venture, partnership, firm or company in which Poole Investments is interested or any undertaking in which Poole Investments and such undertakings (aggregating their interests) have a Substantial Interest)
Zeus Capital	Zeus Capital Limited, of 3 Ralli Courts, West Riverside, Manchester, M3 5FT, financial adviser to Poole Investments, incorporated and registered in England and Wales with registered number 04417845

