

**SCHEME PARTICULARS**

**relating to**

**NEW STAR US DOLLAR UK PROPERTY UNIT TRUST**

*An open-ended Unit Trust authorised as a Class B Scheme  
by the Guernsey Financial Services Commission*

This document is valid as at and dated 11<sup>th</sup> April 2006

## SCHEME PARTICULARS

Relating to the offering and issue of Units of the

### NEW STAR US DOLLAR UK PROPERTY UNIT TRUST

This document constitutes the Scheme Particulars for the New Star US Dollar UK Property Unit Trust (the "**Scheme**") prepared to comply with the terms of Rule 10.01 of The Collective Investment Schemes Class B Rules 1990 (the "**Rules**") as issued by the Guernsey Financial Services Commission (the "**Commission**") pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended (the "**POI Law**").

The Scheme has been authorised by the Guernsey Financial Services Commission as a Class B Scheme under the POI Law. In giving this authorisation, the Commission does not vouch for the financial soundness of the Scheme or for the correctness of any of the statements made or opinions expressed with regard to it.

Investors in the Scheme are not eligible for the payment of any compensation under The Collective Investment Schemes (Compensation of Investors) Rules, 1988 made under the POI Law.

Where not otherwise defined in these Scheme Particulars, words and expressions used have the same meaning as in the Trust Instrument made between HSBC Custody Services (Guernsey) Limited as Trustee and New Star Asset Management (Guernsey) Limited as Manager dated 4<sup>th</sup> April 2006 (the "**Trust Instrument**").

The Units of the Scheme may be divided into separate classes ("**Class Funds**"). The proceeds of issue of the Units of any Class Fund will be invested in an investment portfolio whose assets and liabilities will be separated for accounting purposes from the assets and liabilities of other Class Funds. The interest of investors in a Class Fund is limited to a share in the assets of that Class Fund in which they hold Units.

The directors of the Manager (the "**Directors**"), whose names appear in the section headed "Manager" on page 8, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Units are offered on the basis of the information and representations contained in these Scheme Particulars and no other information or representations made by any person and not contained in this document may be relied upon as being authorised by the Manager or its Directors.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own financial advisers concerning the acquisition or disposal of Units.

The provisions of the Trust Instrument are binding on each of its Unitholders (who are taken to have notice of them).

These Scheme Particulars do not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. No person may treat these Scheme Particulars as constituting an invitation to them unless in a relevant territory, such an invitation could lawfully be made to them without compliance with any registration or any other legal requirements. Notwithstanding the foregoing the Manager is not obliged to issue Units to any person and reserves the right in its absolute discretion to refuse any application for Units.

Units are not listed on any investment exchange.

The Scheme is an unregulated collective investment scheme for the purposes of the Financial Services and Markets Act 2000 (“FSMA”). The promotion of the Units and the distribution of this document in the United Kingdom are accordingly restricted by sections 21 and 238 of FSMA. This document is therefore directed only (i) at persons who are of a kind to whom the Trust may lawfully be promoted by a person who is not an “authorised person” (as defined by FSMA); or (ii) where this document is approved and issued by an authorised person, at persons who are of a kind to whom the Trust may lawfully be promoted by an authorised person by virtue of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and Annex 5 to Chapter 3 of the FSA’s Conduct of Business Sourcebook. In the United Kingdom, the Units are available only to such persons and persons of any other description should not rely on this document. Any recipient of this document who is an authorised person may (if and to the extent it is permitted to do so by the Conduct of Business Rules applicable to it) distribute it or otherwise promote the Scheme in the United Kingdom to other authorised persons or to permitted recipients but not otherwise. Any recipient of this document who is not an authorised person may not distribute it to any other person. The Scheme is not authorised in the United Kingdom and the Manager is not authorised to carry on investment business in the United Kingdom. Compensation to investors will not be available under the United Kingdom Financial Services Compensation Scheme.

The Manager and any associate of it is permitted to deal in the Units of the Scheme for their own account without being obliged to account to any third party in respect of profits arising on them.

It should be appreciated that the value of Units of any Class Fund is not guaranteed and may go down as well as up and that investors may not receive on redemption of their Units of any Class Fund, the amount that they originally invested. Investors should consult their financial advisers about the consequences to them of, and inform themselves of the legal requirements for, acquiring, holding, redeeming or disposing of Units of any Class Fund under the relevant laws of the jurisdictions to which they are subject, including any tax consequences, exchange control requirements, requisite governmental or other consents and any other formalities.

The details included in these Scheme Particulars are applicable as at 11<sup>th</sup> April 2006. It is the responsibility of anyone relying on this document to ensure that it is the most current version and that no revisions or corrections have been made.

Investors' attention is drawn to the risk warnings which appear in the section headed **“Risk Warnings”** on page 25.

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## **SCHEME CONSTITUTION AND OBJECTIVES**

### **SCHEME CONSTITUTION AND OBJECTIVES**

#### **Status and date of establishment**

The New Star US Dollar UK Property Unit Trust (the “**Scheme**”) is an open-ended unit trust constituted under the Trust Instrument made between HSBC Custody Services (Guernsey) Limited as Trustee and New Star Asset Management (Guernsey) Limited as Manager and dated 4<sup>th</sup> April 2006. The Scheme was authorised by the Guernsey Financial Services Commission under the POI Law as a Class B collective investment scheme on 4<sup>th</sup> April 2006.

Investment in the Scheme is by way of subscription for Units in a Class Fund. Each Unit represents one undivided share in a Class Fund. An investor's liability in respect of his investment in the Scheme is limited to the total amount (if any) which remains unpaid of the issue price payable for his Units.

The Scheme is a feeder fund into New Star Property Unit Trust (the "**Fund**"), an authorised unit trust scheme established in England and operating under Chapter 5 of the Collective Investment Schemes Sourcebook made by the Financial Services Authority pursuant to the Financial Services and Markets Act 2000. The Prospectus of the Fund is appended to and forms part of this document.

Units in the following Class Funds of the Scheme are currently available for subscription:

#### Accumulation Class Fund

The Accumulation Class Fund will invest substantially all of its assets in the accumulation units of the Fund.

#### **Duration**

The Scheme has unlimited duration save that it may be wound up upon the happening of any of the following events:

- (i) the revocation of the authorisation declaring the Scheme to be an authorised Collective Investment Scheme, or
- (ii) when the date which shall be 100 years (less one day) from the date of the Trust Instrument is reached, or
- (iii) upon the termination of the last Class Fund to be in existence,
- (iv) when a Special Resolution passed by the Unitholders determines that the Scheme shall be wound up, or
- (v) the Fund is wound up upon the happening of any of the events specified in the Prospectus for the Fund.

The Scheme will be wound up in accordance with the Trust Instrument and any applicable Guernsey laws and regulations.

As soon as practicable after the Scheme falls to be wound up, the Trustee will realise the property of the Scheme and, after payment of all liabilities and costs, distribute the proceeds of the realisation to the holders and the Manager in proportion to their respective interests.

### **Base Currency**

The Class Funds of the Scheme shall each be denominated and valued in US Dollars and Units shall be subscribed and redeemed in US Dollars.

The Fund is denominated in Sterling and, in order to protect the value of the Scheme against adverse currency fluctuations, the Manager will employ suitable hedging policies as described more fully under the section headed Investment Objective, Policy and Restrictions on page 12.

### **Inspection of documents**

The Scheme's principal documents and annual accounts are available for inspection at the registered office of the Trustee and Manager and copies of those documents are available on request from the Trustee and Manager.

### **THE MANAGER**

The Manager of the Scheme is New Star Asset Management (Guernsey) Limited (the "**Manager**"). The Manager is a company limited by shares, which is incorporated and resident in Guernsey. The Manager has been appointed to act as the Manager of the Scheme pursuant to the Trust Instrument. The Manager is licensed by the Guernsey Financial Services Commission under the POI Law to carry out management and administration of a collective investment scheme.

The Manager is responsible for the investment of the Scheme's assets and will undertake to monitor such investments. Where any restriction is breached, the Manager must ensure that immediate corrective action is taken.

For the purposes of the POI Law, the Manager is the Principal Manager. The Manager has delegated certain of its duties and functions to the Administrator, HSBC Securities Services (Guernsey) Limited.

The Manager may deal in Units of the Scheme for its own account. Neither the Manager nor any of its associates is under any obligation to account to the Trustee or to the holders of Units for any profit made by the Manager on the issue or conversion of Units or on the re-issue or cancellation of Units which have been redeemed.

### **Registered office**

The Manager's registered office address is situate at Arnold House, St Julian's Avenue, St Peter Port, Guernsey GY1 3NF.

### **Date of incorporation**

8th March 2006.

### **Directors of the Manager**

The Directors of the Manager are:

Rupert Evans

Robin Fuller

Thomas MacNeil

John Mould

### **Rupert Evans**

Rupert Evans is a Guernsey advocate and was a partner in the firm of Ozannes, 1 Le Marchant Street, St Peter Port, Guernsey, between 1982 and 2004. He is now a Consultant to Ozannes. Mr. Evans is a resident of Guernsey and a non-executive director of a number of other investment companies some of which are quoted on recognised stock exchanges. He is also a director of New Star Hedge Fund Limited.

### **Robin Fuller**

Robin Fuller was appointed as Managing Director of Management International (Guernsey) Limited (MIGL), a wholly owned subsidiary of Bank of Bermuda Limited, in January, 2004. Bank of Bermuda Limited was acquired by HSBC, following which MIGL's name was changed to HSBC Securities Services (Guernsey) Limited on 24 December 2004. Mr. Fuller is also a director of the Administrator.

Prior to joining Bank of Bermuda Robin was Managing Director of Rothschild Asset Management (CI) Limited (RAM CI) in Guernsey and a Director of Rothschild Asset Management Limited, (RAM), London. Robin joined RAM CI in 1980. Prior to becoming Managing Director in 1999 Robin was involved in product development, sales and distribution strategies and was responsible for maintaining a number of strategic corporate relationships. He was also a Director of Valletta Fund Management and the La Valette SICAV range of funds managed in Malta as well as other joint venture and associated companies. Following the acquisition of RAM by Insight Investment Management in January, 2003 Robin continued as Managing Director of the Guernsey subsidiary as well as setting up and managing a team of strategic relationship managers in London.

Professionally, Robin is qualified as an Associate of the Chartered Institute of Bankers and a Fellow of the Securities Institute. He is a past Chairman of the Guernsey Fund Managers Association and due to his involvement in education in financial services, was a Director of the Guernsey Training Agency for many years as a representative of the funds management and securities industries. He is a past Chairman of the Guernsey International Business Association and Guernsey Finance and is still a Director of Guernsey Finance.

## **Thomas MacNeil**

Thomas MacNeil is the managing director and oversees the operations of New Star Asset Management (Bermuda) Limited, an investment management company incorporated in Bermuda in June 2000. New Star Asset Management (Bermuda) Limited is investment manager to several collective investment schemes.

## **John Mould**

John Mould joined New Star in September 2005 as Chief Operating Officer. John spent more than 10 years with Morgan Stanley, the majority of his time in the finance and operations divisions. In early 2004, he became Head of Firm-wide Operational Risk; responsible for the risk management and assessment framework across all of Morgan Stanley's European businesses and operations.

## **The Manager's ultimate holding company**

The Manager is a wholly owned subsidiary of New Star Asset Management Holdings (Bermuda) Limited which is incorporated in Bermuda. New Star Asset Management Holdings (Bermuda) Limited is ultimately owned by New Star Asset Management Group Plc which is listed on the Alternative Investment Market Stock Exchange.

## **THE TRUSTEE**

HSBC Custody Services (Guernsey) Limited (the "**Trustee**") has been appointed to act as Trustee and Custodian of all the Scheme's assets pursuant to the Trust Instrument. The Trustee is a company limited by shares which is incorporated and resident in Guernsey and licensed by the Guernsey Financial Services Commission pursuant to the POI Law to carry on the business of a trustee and custodian of collective investment schemes.

## **Registered office**

Arnold House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3NF.

## **Date of incorporation**

25<sup>th</sup> August 1992.

## **Issued and paid up share capital**

The Trustee has an authorised and issued share capital of £4,000,000 all of which is fully paid.

## **Ultimate Holding Company of the Trustee**

The Trustee is an ultimately wholly-owned subsidiary of HSBC Holdings Plc, a public company incorporated in England.

The Trustee is a member of the HSBC Group which has major commercial and investment banking business in the Asia Pacific region, Europe, the Americas, the Middle East and Africa. The HSBC Group has over 9,700 offices in 77 countries/territories world wide and assets of over USD1,467 billion as of 30 June 2005.

### **Duties of the Trustee**

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is properly managed by the Manager in accordance with the Trust Instrument, the Rules and the most recently published Scheme Particulars. The Trustee must take into its custody or under its control all the assets of the Scheme and hold such assets in trust in accordance with the provisions of the Trust Instrument and the Rules. The Trustee must also take reasonable care to ensure that the methods used by the Manager in calculating prices at which Units are issued and redeemed are in accordance with the Trust Instrument and these Scheme Particulars.

Whilst it is the duty of the Trustee generally to carry out the instructions of the Manager as to the investments which from time to time comprise the assets of the Scheme, the Trustee is entitled to give notice to the Manager that it is not prepared to accept the transfer of any property which in the opinion of the Trustee infringes the terms of the Rules or the Trust Instrument or these Scheme Particulars. The Trustee must give written notice to the Guernsey Financial Services Commission of any proposal to replace the Manager of the Scheme. The Trustee is obliged to forward to the Manager all notices of meetings, reports, circulars, proxies, solicitations and other similar documentation received by it as registered holder of any investment of the Scheme. The Trustee must make a report in the annual report and accounts of the Scheme stating whether in the Trustee's opinion the Manager has managed the Scheme in the relevant period in accordance with the provisions of the Trust Instrument and the Rules.

The Trustee is responsible for the establishment and maintenance in Guernsey of a Register of Holders of Units and remains responsible for the Register notwithstanding that the duties of Registrar of the Scheme have been delegated to HSBC Securities Services (Guernsey) Limited, the Administrator. The Trustee has various duties in relation to meetings of holders including the convening of meetings and is entitled to attend and be heard at every such meeting.

Upon a winding up the Trustee is responsible for realising the assets of the Scheme and distributing the proceeds to Unitholders proportionately to their respective interests in the Scheme.

The Trustee may appoint sub-custodians to hold the assets of the Scheme. The Trustee will exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such sub-custodians and will be responsible to the Scheme, for the duration of any agreement with a sub-custodian for satisfying itself as to the ongoing suitability of the sub-custodian to provide custodial services to the Scheme.

### **ADMINISTRATOR AND SUB-ADMINISTRATOR**

The Manager has appointed HSBC Securities Services (Guernsey) Limited (the "**Administrator**") to act as administrator and secretary to the Scheme pursuant to the Administration Agreement described on page 29. The Administrator is licensed by the Commission pursuant to the POI Law to conduct certain restricted activities in connection with collective investment schemes and provides administration services to a wide variety of investment vehicles. For the purposes of the POI Law, the Administrator is the Designated Manager of the Scheme.

The Administrator was registered in Guernsey on 12<sup>th</sup> April 1979 and is an ultimately wholly-owned subsidiary of HSBC Holdings Plc, a public company incorporated in England which is part of the HSBC Group. The Administrator's registered office is at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF.

The Administrator is also an affiliate of the Trustee.

Under the terms of the Administration Agreement, the Administrator has agreed to act as accountant and valuation agent of the Scheme and to provide issue and redemption services under the supervision of the Manager. It will also act as Registrar for the Scheme and maintain the accounts and records of the Scheme.

Pursuant to the Administration Agreement, the Administrator is entitled to delegate all or part of its duties to others, including its own affiliates or members of the HSBC Group.

The Administrator will delegate its duties of providing accounting and valuation services to the Scheme to HSBC Securities Services (UK) Limited.

#### **THE INVESTMENT ADVISER**

New Star Asset Management Limited has been appointed as Investment Adviser to the Scheme and to each of its Class Funds by an Agreement with the Manager dated 4<sup>th</sup> April 2006.

The registered office/principal place of business of the Investment Adviser is at 1 Knightsbridge Green, London SW1X 7NE. The Investment Adviser is a body corporate in the same group as the Manager and is authorised and regulated by the Financial Services Authority to undertake the activities of investment management and advisory services.

The Investment Adviser is appointed by the Manager in respect of each Class Fund. Under the terms of the Investment Advisory Agreement, the Investment Adviser undertakes to keep the Scheme's investments under regular review and provide the Manager with advice on the investment and general deployment of the Scheme's assets. The Investment Adviser has discretionary authority (subject to the overall direction and control of the Principal Manager) over the Scheme's assets. The appointment of the Investment Adviser can be terminated by either party at not less than 6 calendar months' notice

#### **AUDITORS**

The firm of Ernst & Young of 14, New Street, St Peter Port, Guernsey GY1 4AF has been appointed as auditor of the Scheme.

### **LEGAL ADVISERS**

The legal advisers to the Scheme as to matters of Guernsey law are Messrs. Ozannes, 1 Le Marchant Street, St Peter Port, Guernsey.

### **CONFLICTS OF INTEREST**

The Manager, the Investment Adviser and other companies within the New Star group, may, from time to time, act as investment advisers or advisers to other schemes, funds or sub-funds which follow similar investment objectives to those of the Scheme. It is therefore possible that the Manager and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Scheme. Each of the Manager and the Investment Adviser will, however, have regard in such event to its obligations under the Trust Instrument and the Investment Advisory Agreement respectively and, in particular, to its obligation to act in the best interests of the Scheme so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The Trustee may, from time to time, act as trustee, depositary or custodian of other collective investment schemes.

### **INVESTMENT OBJECTIVE AND POLICY**

The investment objective of the Scheme is to achieve growth of both income and capital through investing substantially all of its assets in the Fund which, in turn, invests primarily in commercial property and property related securities. Further information on the investment objective, policy and restrictions applicable to the Fund is to be found in its Prospectus in Appendix A of this document which must be read in conjunction with this document. Applications for Units in the Scheme will only be accepted on that basis.

Other than in respect of distribution policy, the investment objective, policy and restrictions which apply to each Class Fund of the Scheme is the same. The Accumulation Class Fund will invest in accumulation units of the Fund in respect of which income is accumulated and not distributed.

#### **Investment Restrictions**

There is no limit as to the amount of Class Fund assets that may be invested in the relevant class of Units in the Fund. Cash may be held to the extent that it may reasonably be required to fund redemptions and to meet ongoing expenses of the Scheme.

The Manager may at its sole discretion, acquire or deal in forward currency contracts or currency derivatives for the purpose of hedging some or all of the exchange risk/currency exposure arising as a result of the fluctuation between the currency in

which the price per Unit is computed and the currencies in which the Scheme and/or its investments are denominated. In addition, forward currency contracts between 95 per cent. and 105 per cent. of the underlying value of the Class Fund may be used to protect the value of the currency of the Scheme from adverse movements of other currencies.

The Manager may undertake derivative transactions only to the extent that the resulting exposure on delivery or exercise is limited to a maximum of 105 per cent of the underlying value of the Class Fund at the time of the transaction.

### **DISTRIBUTION POLICY**

Holders of Units issued in the Accumulation Class Fund are not entitled to be paid any income attributed to such Units but that income will be transferred to and become part of the capital property of the Accumulation Class Fund and will be reflected in the price of each such Unit.

### **INCOME EQUALISATION**

Whilst income equalisation is permitted under the Trust Instrument it is not applicable to the Accumulation Class Fund, being the only Class Fund currently available.

### **BORROWING POWERS**

Whilst the Manager does not intend to borrow any money for the use of the Scheme, the Trustee may, on the instruction of the Manager borrow money for short-term liquidity requirements of the Scheme on terms that the borrowing is to be repayable out of the assets of the Scheme. The Scheme may also employ the use of short-term borrowing through agreed overdraft or other facilities in order to meet any additional short-term liquidity requirements.

This power to borrow is subject to the obligation of the Scheme to comply with any restriction in the Trust Instrument constituting the Scheme. The Trustee may only borrow money from an Eligible Institution or an Approved Bank (as defined in the Glossary to the FSA Handbook).

The Manager must ensure that the Scheme's borrowing does not, on any Business Day, exceed 15 per cent. of the value of the assets of each Class Fund. For these purposes borrowing does not include back to back borrowing whereby currency is borrowed but secured by an equal amount of another currency.

### **SUBSCRIPTION AND REDEMPTION OF UNITS**

The Dealing Day for the Scheme is determined by the Manager and is normally every Business Day in each week. If any relevant day is not a Business Day (which is defined in the Trust Instrument as being any day excluding holidays, Saturdays and Sundays on which banks in Guernsey, London and New York are open for normal banking business or any other day at the Manager's discretion) the Dealing Day will

generally be the next following Business Day or such other day determined by the Manager.

The Manager is available to receive requests for the issue, redemption or conversion of Units on every Business Day on which the Manager is open for business, between 09.00 and 17.00 hours.

### **Minimum transaction size and holding**

The minimum value of Units which any one person may hold in the Scheme is USD \$1,000,000.

The minimum value of Units which may be the subject of any one purchase transaction is USD \$1,000,000 as an initial investment and USD \$1,000 as any subsequent investment.

The Manager may at its discretion in what it considers to be special circumstances accept subscriptions and/or holdings lower than the minimum amount(s).

If following redemption a holding should fall below the minimum holding, the Manager has the discretion to require redemption of that Unitholder's entire holding.

### **Subscription Procedure**

Units can be bought by sending a completed application form to the Manager at Arnold House, St Julian's Avenue, St Peter Port, Guernsey GY1 3NF which may be sent by facsimile provided that the original form is sent to the Manager immediately thereafter. Application forms are available upon request from the Manager.

Subscriptions and holdings of Units are made on the terms of these Scheme Particulars and subject to the provisions of the Trust Instrument.

An instruction for the subscription of Units of the Scheme must be received by the Manager no later than 11.00 hours on a Dealing Day (which is a Business Day) to be effected at the dealing price calculated at the Valuation Point of the Scheme on such day. Instructions received after 11.00 hours shall be dealt with after the Valuation Point on such day and held over and effected on the next Dealing Day at the subscription price ruling on that day.

Payment for Units must be made by telegraphic transfer or by such other means agreed with the Manager to arrive no later than 17.00 hours on the fourth day following the Dealing Day in question. Any costs incurred in making a telegraphic transfer are to be met by the originator. The Manager reserves the right to accept a full or partial payment *in specie* and may charge interest (at a rate to be determined by the Manager) for late settlement. Any investment taken *in specie* must be acceptable to the Manager and shall be valued by the Manager in accordance with the Trust Instrument.

The Manager has the right to reject, on reasonable grounds, any application for Units in whole or part, and in this event the Manager will return any money sent, or the

balance of such monies, at the risk of the investor. The Manager will refuse an application form from any investor who fails to provide the information required by the Manager or the Administrator in accordance with prevention of money laundering procedures described below.

Units will be issued at the Creation Price of the relevant Class Fund as at the Valuation Point applicable to the relevant Dealing Day for that Class Fund. Units are dealt on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption request is received.

### **Late settlement**

If the purchase monies for Units are received late, the Manager reserves the right to make an administration charge and/or at its sole discretion cancel the purchase of the Units and recover any shortfall from the investor.

### **Verification of Identity**

Measures aimed towards prevention of money laundering will require a subscriber to verify his identify (or the identity of any beneficial owner on whose behalf the subscriber intends to hold the interests in the Scheme) to the Administrator in accordance with Appendix B to these Scheme Particulars. The Administrator will notify applicants if additional proof of identify is required. By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or other appropriate official in their country of residence, together with evidence of his address such as a utility bill or bank statement. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), and the names and addresses of all directors and beneficial owners. The details given above are by way of example only, and the Administrator reserves the right to request such documentation as it deems necessary to verify the identity of the applicant and to verify the source of the relevant money. Failure to provide the necessary evidence may result in applications being rejected or in delays in the despatch of documents and/or the issue of Units. Where an application is rejected, subscription monies will be returned to the account from which they were received at the risk of the applicant. Any interest earned on such sums will accrue to the Scheme. The Administrator and the Scheme will be held harmless by a potential subscriber against any loss arising as a result of a failure to process or delay in processing a subscription or redemption request, if such information as has been requested by the Administrator has not been provided by the applicant or has been provided after a delay.

### **Contract notes**

A contract note will be issued and sent to the investor or its agent showing details of the transaction (i.e. the amount invested, issue price and number of Units issued). Contract notes will be despatched within two working days of the Dealing Day.

### **Non Certificated Units**

Title to the Units will be evidenced by entries on the Register of Holders. Unitholders may inspect their entry on the Register, subject to the Rules, during ordinary office hours on a Business Day at the registered address of the Administrator.

The nature of the right of the holder as represented by Units is that of a beneficial interest under a trust.

### **Redemption procedure**

Requests to redeem Units shall be made by lodging with the Manager a duly signed written instruction in the format specified by the Manager which may be sent by facsimile provided that the original written instruction is sent to the Manager immediately thereafter. Instructions must be received by the Manager no later than 11.00 hours on a Dealing Day (which is a Business Day) to be effected at the bid price calculated at the Valuation Point of the Scheme on such day. Instructions received after 11.00 hours shall be dealt with after the Valuation Point on such Dealing Day and held over and effected on the next Dealing Day at the bid price ruling on such day.

For large deals, being for these purposes a redemption in excess of USD \$27,000, the Manager may redeem at the cancellation price.

Requests for redemptions will be acknowledged by a contract note.

Redemption proceeds will be paid by telegraphic transfer or by such other means as agreed with the Manager payable to the holder in the base currency of the Class Fund from which the redemption is made. Payment will be made at the holder's risk direct to the holder's bank account, normally within four Business Days following the relevant Dealing Day (subject to receipt of all necessary documentation in a form satisfactory to the Manager). Any telegraphic transfer costs incurred in making the payment to the holder are to be met by the Manager. The Manager reserves the right to refuse to make third party payments.

Limits to the aggregate of individual cash redemption from the Scheme on any one Dealing Day are limited to the extent to which the Manager is able to liquidate units in the underlying Fund. Redemptions may be scaled down *pro rata* and any balance will be carried forward to the next Dealing Day or subsequent Dealing Days. Requests for redemptions and conversions on any Dealing Day will be aggregated for the purpose of the above limits.

Partial redemptions are permitted subject to the residual investment in that Class Fund satisfying the minimum investment requirement set out above.

In specie redemptions are permitted at the Manager's discretion whereby a Unitholder may elect to receive Units in the Fund of appropriate value, in lieu of receipt of payment in cash.

### **Procedure for conversion**

Only Units in the Accumulation Class Fund are currently available. Units of a Class Fund may however, at the discretion of the Manager, be converted into Units of another existing Class Fund in accordance with the Trust Instrument where two or more Class Funds are in existence.

### **Availability of prices**

The dealing prices for Units of the Scheme are available from the Manager and the Administrator on request.

### **Suspension of valuation and dealings**

The Manager may at any time with the approval of the Trustee suspend the calculation of the bid, offer, cancellation and creation prices of the Scheme and the Issue and Cancellation of Units if the Manager is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Unitholders and potential Unitholders. The Trust Instrument provides that such circumstances include, without limitation, when dealings in the Fund are suspended and when the Manager is unable to ascertain properly the value of any or all of the assets or realise any or all of the assets of the Scheme.

Any suspension declared by the Manager shall take effect immediately upon the declaration thereof by the Manager and thereafter there shall be no issue or cancellation of Units in the Scheme and/or payment of monies in respect of any such cancellation until the Manager declares the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (a) the condition giving rise to the suspension shall have ceased to exist and (b) no other condition under which suspension is authorised under this paragraph shall exist. Each declaration by the Manager shall be consistent with the Rules.

Any Holder or potential Holder may at any time after such a suspension has been declared and before termination of such suspension withdraw any instruction for the redemption of Units or any instruction for the purchase of Units by notice in writing to the Manager. If no such notice withdrawing any such instruction has been received by the Manager before termination of such suspension, the Manager shall, subject to and in accordance with the provisions of the Trust Instrument, realise Units in respect of which it or any of its authorised agents has received a redemption request and consider applications for the purchase of Units as at the Valuation Point on the next Dealing Day following the termination of such suspension.

Each decision for the suspension of valuation by the Manager pursuant to the Trust Instrument shall be subject to the Rules from time to time issued by the Guernsey Financial Services Commission under the POI Law.

### **Transfers**

Unitholders are entitled to transfer their Units to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose. Completed instruments of transfer must be returned to the Manager

in order for the transfer to be registered by the Manager. The Manager may refuse to register a transfer if, in its opinion, it has reasonable grounds for doing so.

### **Restrictions and Compulsory Transfer and Redemption**

The Manager may from time to time take such action or impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Fund incurring any liability to taxation which the Fund is not able to recoup itself or suffering any other adverse consequence. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Units.

If it comes to the notice of the Manager that any Units (“affected Units”):

- (i) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) or territory: or
- (ii) would result in the Scheme incurring any liability to taxation which the Scheme would not be able to recoup itself or suffering from any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (iii) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case:

or if the Manager is not satisfied that any Units may not give rise to a situation discussed in (i), (ii) or (iii) above, the Manager may give notice to the Unitholder(s) of the affected Units requiring the transfer of such Units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Units. If any Unitholder upon whom such notice is served does not within thirty days after the date of such notice is served transfer his affected Units to a person qualified to own them or submit a written request for their redemption to the Manager or establish to the satisfaction of the Manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Units, he shall be deemed upon the expiry of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of all the affected Units.

This may include a situation where a Unitholder has moved to a different jurisdiction which either does or may give rise to a situation described in (i), (ii) or (iii) above.

It is not possible for the Manager to be fully informed of current law and regulations in every jurisdiction and accordingly in the interests of Unitholders and to be able to ensure no Units are held or acquired by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) or any country or territory or which would result in the Scheme incurring any liability to taxation or other liability which the Scheme is not able to recoup itself or suffering any other adverse consequence, the Manager’s policy will be to treat Units of Unitholders moving to jurisdictions other than European Economic Area

(EEA) States as affected Units and may refuse to issue Units to anyone resident outside of one of the jurisdictions.

A Unitholder who becomes aware that he is holding or owns affected Units shall immediately, unless he has already received a notice as set out above, either transfer all his affected Units to a person qualified to own them or submit a request in writing to the Manager for the redemption of all his affected Units.

## **VALUATION AND CHARGES**

Valuations of property of the Scheme for the purpose of the calculation of creation and offer and cancellation and bid prices will be carried out in accordance with the Scheme Particulars and Trust Instrument of the Scheme.

Valuations will be made every Dealing Day at 12 noon. The Manager may determine that any Dealing Day so defined shall not be a Dealing Day.

Such a determination would generally only be made in respect of a particular day if that day were a holiday on a stock exchange which was the principal market for a significant proportion of the underlying Fund's investments or was a holiday elsewhere which impeded the calculation of the fair market value of the portfolio. The Manager may carry out additional valuations if they consider it desirable to do so or value the Scheme Property at a time other than 12 noon where there are circumstances which the Manager and the Trustee believe would be in the interests of Unitholders. An additional valuation may be made if the Manager believes that the value of the property has varied by 2% or more from that calculated at the previous valuation.

Each valuation is made on an offer basis and on a bid basis. The prices used for these valuations are the last market bid and offer prices where available, otherwise the last traded price.

### **Fair Value Pricing**

Where the Manager has reasonable grounds to believe that:

- (a) no reliable price exists for a security or unit/share in a collective investment scheme at a Valuation Point; or
- (b) the most recent price available does not reflect the Manager's best estimate of the value of the security or unit/share in a collective investment scheme at the Valuation Point; or
- (c) it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

The circumstances which may give rise to a fair value price being used include:

- (a) no recent trade in the security concerned; or
- (b) suspension of dealings in an underlying collective investment scheme;

(c) the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In determining whether to use such a fair value price, the Manager will include in his consideration but need not be limited to:

- (a) the type of fund;
- (b) the Investments involved;
- (c) whether the underlying collective investment schemes may already have applied fair value pricing;
- (d) the basis and reliability of the alternative price used; and
- (e) the Manager's policy on the valuation of the Scheme Property as disclosed in these Scheme Particulars.

### **Price per unit**

The Manager operates dual prices. That is the valuation on an offer basis is used to establish the sale price of new Units. The valuation on a bid basis is used to establish the redemption price of units.

The minimum price at which Units may be sold back to the Manager (bid price) is arrived at by valuing the assets on the basis of the amount that the Scheme would receive if the assets were sold and dividing the result by the number of Units in existence. This minimum price is also known as "cancellation" price and is the lowest price that the Manager can set as the bid price.

The maximum price at which Units may be sold by the Manager (offer price) is arrived at by valuing the assets of the Scheme on the basis of the cost of acquiring those assets and dividing this by the number of Units in existence and adding on the Manager's initial charge (if any).

The Manager sets the bid (sell) and offer (buy) prices within this permitted range.

### **Pricing Basis**

The Manager deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the Manager.

## **FEES AND EXPENSES**

### **Manager's Fees**

The Manager is entitled to an annual fee of the US Dollar currency equivalent of £20,000 which is payable out of the Scheme Property.

The Manager shall, in addition to the annual fee it receives, be reimbursed for all its incidental and unforeseen operating expenses and costs reasonably incurred.

### **Investment Adviser's Fees**

There is no fee payable to the Investment Adviser.

### **Trustee's Fees**

The Trustee is entitled to an annual fee which is payable out of the Scheme Property and charged on a basis of 0.05 per cent. up to USD \$25,000,000 based on the net asset value of the Scheme Property as of each Valuation Day.

The fees are subject to a review at a period denoted by the sooner of the Scheme attaining a net asset value of USD \$25,000,000 or a twelve-month period from launch has elapsed, the fees will be reviewed annually thereafter.

### **Administrator's Fees**

The Administrator is entitled to an annual fee which is payable out of the Scheme Property and charged on a basis of 0.10 per cent. up to USD \$25,000,000 based on the net asset value of the Scheme Property as at each Valuation Day.

The Administrator is also entitled to payment of USD \$5,000 payable out of the Scheme Property in the event of the termination or liquidation of the Scheme.

The fees are subject to a review at a period denoted by the sooner of the Scheme attaining a net asset value of USD \$25,000,000 or a twelve-month period from launch has elapsed, the fees will be reviewed annually thereafter.

### **Initial Charge and Redemption Charges**

There is no initial or redemption charge.

The Class B Rules provide that an authorised scheme may not invest in another scheme (the "target scheme") which is managed or operated by the manager or by a person who is in the same group as the manager, unless the manager of the authorised scheme procures, in such way as the manager shall think fit, that any preliminary charge payable on the issue of units or any charge payable on the redemption of units in the target scheme is not suffered directly or indirectly by the Class B authorised scheme or any investors in that scheme. Accordingly, the Manager has agreed with the Fund that the initial charge in the New Star Property Unit Trust will be waived.

### **Other expenses**

The following expenses may be payable by the Scheme:

- (a) charges incurred in the acquisition, holding and redemption of Investments;
- (b) the costs of telex, facsimiles, photocopying, courier and telephone calls properly incurred by the Manager in carrying out its duties;

- (c) interest on borrowings undertaken by that Class Fund and charges incurred in negotiating the terms of such borrowings;
- (d) all usual transaction charges levied by paying agents and all other costs of dealing in the assets of the Scheme;
- (e) the fees and expenses of the Auditors in the amount approved from time to time by the Manager and the Trustee;
- (f) the expenses of preparing, printing, translating, distributing and revising prospectuses, reports and accounts and other circulars relating to the Scheme and Holders;
- (g) the expenses of publishing details and prices of Units in newspapers and other publications;
- (h) the charges and expenses of legal counsel and other professional advice given in connection with the Scheme or the Holders or otherwise rendered in relation to the Scheme, insofar as requested by the Manager or the Trustees and agreed upon by the Manager and the Trustee as being incurred in the interests of holders of the Scheme;
- (i) all fiscal charges and fees incurred in connection with the purchase and sale of Investments;
- (j) all fees payable to supervisory bodies in Guernsey, or elsewhere and the annual fee payable to the States of Guernsey Income Tax Authority for the annual grant of exemption from income tax and any fee of any regulatory body in a country or territory outside of Guernsey where Units of the Scheme may be marketed;
- (k) all expenses properly incurred in the convening of meetings of Unitholders or in the preparation of supplemental trust instruments;
- (l) all expenses of the Trustee incurred in connection with the safe custody of Investments by sub-trustees or foreign depositories;
- (m) establishment and operating costs of subsidiaries, if any;
- (n) any costs and fees incurred in connection with the listing of the Units on any stock exchange;
- (o) expenses incurred in the preparation and printing of tax vouchers, warrants, proxy cards and contract notes and the costs incurred in despatching the same;
- (p) any expenses approved by Extraordinary Resolution;
- (q) any other expenses permitted by the Rules or authorised by the Commission either generally or in any particular case;
- (r) together with any tax in the nature of value added tax or otherwise payable in respect of such fees and expenses.

### **Formation expenses**

Formation expenses incurred in the establishment of the Scheme will be met by New Star Asset Management Limited, the Investment Adviser. The costs of establishment of any subsequent Class Funds may (unless otherwise agreed) be met out of the assets of such Class Fund and amortised over such period as the Manager thinks fit.

## **TAXATION**

The taxation of income and capital gains of the Scheme and Unitholders is subject to the relevant fiscal laws and practices of Guernsey and the jurisdictions in which Unitholders are resident. Whilst the Scheme itself may not be liable directly to pay or suffer any tax on appreciation in the value of its property or on its income, investors should note the contents of the taxation section of the Prospectus of the underlying Fund contained in Appendix A.

The following summary of tax treatment in Guernsey and the United Kingdom does not constitute legal or tax advice and is based on advice received by the Manager as to the law and practice currently in force and is subject to change. The summary does not consider all aspects of taxation which may be relevant to a particular investor in light of the investor's particular circumstances. Prospective investors should consult their own professional advisers on the potential tax consequences of making an investment in, or holding, redeeming, selling or otherwise disposing of Units under the law of each jurisdiction in which they may be liable to taxation.

### **The Scheme**

The Administrator of Income Tax in Guernsey has confirmed that, in his opinion, on the basis of the operation of the Scheme as described in these Scheme Particulars, the Scheme is eligible for exemption from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual fee, currently £600, is payable to maintain such exemption. While the exemption is maintained, the Scheme will not be liable to Guernsey income tax save in respect of income (other than bank deposit interest) arising in Guernsey. The Manager intends to conduct the Scheme's affairs so as to ensure it retains its exempt status, which is granted on an annual basis.

On 25 November 2002, the Advisory and Finance Committee of the States of Guernsey (now the States of Guernsey Policy Council) announced a proposed framework for a structure of corporate tax reform within an indicative timescale. At the end of September 2005, the Fiscal and Economic Policy Steering Group published a second consultation document on the Island's future economic and taxation strategy. The States Policy Council has issued a further Strategy Paper in March 2006. These documents confirmed the earlier recommendation that the general rate of income tax paid by Guernsey companies will be reduced to 0 per cent, and that entities currently registered as exempt will continue to pay no tax, in respect of tax year 2008 and subsequent years.

### **Investors**

Guernsey does not levy taxes upon capital inheritances, gifts, sales or turnover, nor are there any estate duties save for an *ad valorem* fee for the grant of probate.

No stamp duty is chargeable in Guernsey on the issue, transfer, conversion or redemption of Units.

For income tax purposes dividends or distributions from an exempt fund are regarded, in the hands of Guernsey resident investors, as arising from a Guernsey source and as such are taxable as to income. Guernsey resident investors will not suffer withholding

tax on income distributions. However, details of any such distributions are reported on an annual basis to the Administrator of Income Tax.

Investors outside Guernsey and who do not carry on business in Guernsey through a permanent establishment situated there are not subject to any tax (including withholding tax) in Guernsey in respect of Units owned by them.

Guernsey does not, at present, levy capital gains tax (with the exception of a dwellings profit tax) and, therefore, neither the Scheme nor any non-Guernsey resident investors will suffer any tax in Guernsey on capital gains. Payments made by the Scheme to non-Guernsey resident investors, whether made during the life of the Scheme or by distribution on the liquidation of the Scheme, will not be subject to Guernsey tax. Whilst the Scheme is no longer required to deduct Guernsey income tax from dividends on any Unit (if applicable) paid to Guernsey residents, the Scheme is required to make a return to the Administrator of Income Tax, on an annual basis, of the names, addresses and gross amounts of income distributions paid to Guernsey resident investors during the previous year.

The Scheme will not be regarded as an undertaking that is equivalent to a UCITS authorised in accordance with EC Directive 85/611/EEC for the purposes of the bilateral agreements entered into by Guernsey with EU Member States with the result that, where the Scheme's paying agent (as defined for these purposes) is located in Guernsey the paying agent would not be required to retain tax from, or exchange information regarding distributions made by the Scheme, and/or the proceeds of the sale refund or redemption of Units in the Scheme.

Subject to comments set out above no withholding tax or deduction will be made on interest payments made by the Scheme in respect of any Units issued by the Scheme to investors who are resident outside of Guernsey.

## **United Kingdom**

### **The Scheme**

The Manager will conduct the affairs of the Scheme in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, it should not be subject to United Kingdom tax other than on United Kingdom source income.

### **Other United Kingdom tax considerations**

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of sections 739 to 745 of the Taxes Act under which the income accruing to the Company may be attributed to such a unitholder and may (in certain circumstances) be liable to UK income tax in the hands of the unitholder. However, the provisions do not apply if such a unitholder can satisfy HM Revenue & Customs that, either:

- (1) the purpose of avoiding liability to UK taxation was not the purpose or one of the purposes of his investment in the Company; or

- (2) the investment was a bona fide commercial transaction and was not designed for the purpose of avoiding UK taxation.

## **RISK WARNINGS**

It must be emphasised that the price of Units can fall as well as rise and that an investor may not get back all that he has invested. The Manager is under no obligation to redeem Units at the subscription price originally paid for them.

UK resident investors are advised to seek professional advice as to their tax position prior to making an investment in any Class Fund.

Investment in a Class Fund should be viewed as being for the medium to long-term.

The Accumulation Class Fund will invest in the accumulation units of the Fund. Whilst there may be diversification of risk at the underlying Fund level, there is no such diversification at the Class Fund level. An investment in Units of a Class Fund provides investors with exposure to the performance of the shares or units in the Underlying Fund in which the assets of the Class Fund are invested. Accordingly, any factors which affect the value or level of risk of the underlying Fund will also be a risk to which investors in that Class Fund are exposed. Investors should therefore carefully consider all of the risk warnings set out in the Prospectus for the Fund.

The terms upon which each Class Fund invests in the Fund may include limits on subscriptions and redemptions, and impose delays or suspensions in certain circumstances. Further, settlement timing differences may impact upon dealings in Units of the relevant Class Fund. Investors should be aware that they will not necessarily be able to realise within a period that they would otherwise regard as reasonable their holding in a particular Class Fund. Investors should have regard to any specific risk warnings in this respect set out in the Prospectus for the Fund.

**IMPORTANT:** The attention of potential investors is drawn to the specific risk warnings which apply in relation to The New Star Property Unit Trust contained in its Prospectus in Appendix A.

### **Annual accounting periods**

The first annual accounting period for the Scheme shall end on 31 May 2007. Thereafter each annual accounting period shall commence on 1 June and end on the 31 May in the following year.

### **Annual and interim reports**

Subject to the Rules an annual and interim report and accounts will be prepared in respect of the Scheme each year. The annual report will be made available and published up to six months after the annual accounting date of the Scheme.

Interim reports and accounts will be prepared in respect of the Scheme each year. The interim accounting date will be 30 November. An interim report will be made

available and published up to four months following the interim accounting date of the Scheme.

## **CHARACTERISTICS OF UNITS**

### **Entitlement to Scheme Property**

The entitlement of each Unitholder to participate in the assets less any liabilities of the Scheme is pro rata to the number of Units held by the Unitholder and the number of Units in issue in the Scheme at any one time.

Units carry rights to vote at meetings of Unitholders. The Trust Instrument also provides for separate meetings of Holders of Units of individual Class Fund in the event that more than one Class Fund is in issue.

### **Voting rights (including proxies)**

Every Unitholder is entitled to attend meetings of Unit Holders.

Subject to the Rules, at any meeting of the Unitholders, resolutions may be passed by a show of hands at the meeting unless a poll is requested. On a show of hands every Unitholder present in person or by proxy has one vote. A poll of all Unitholders can be demanded by the chairman of the meeting, or by not less than two Unitholders or by the Trustee. A demand by a proxy is deemed to be a demand by the Unitholder appointing the proxy. The chairman must exercise his power to demand a poll if requested to do so by the Manager. On a poll every holder (either in person or by proxy) is entitled to one vote for every Unit, or fraction of a Unit, held and a holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. The chairman of the meeting may (and, if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

The quorum for a meeting of Unitholders shall be at least two Unitholders present in person or by proxy except that where there is only one registered Unitholder, the necessary quorum shall be one in person or by proxy. The quorum for an adjourned meeting is one Unitholder present in person.

All provisions of the Trust Instrument as to meetings of Unitholders apply *mutatis mutandis* to any separate meeting of Unitholders of a Class Fund.

In accordance with the Rules, the Manager, or (being a holder) any associate of the Manager, is entitled to receive notice of and attend at any general meeting of the Unitholders in relation to any Units which it holds and may count towards the quorum therefore, but it is not entitled to vote at any such general meeting except in relation to any Units which it holds as bare trustee or nominee on behalf of a person entitled to vote and from whom it has received voting instructions.

Only holders of Units or their proxies may vote at meetings of holders.

The Manager or the Trustee may requisition a general meeting at any time.

One or more Unitholders holding not less than one-tenth in value of the Units in issue may, in writing, request the Manager to convene a meeting. A request by Unitholders must state the objects of the meeting, be dated, be signed by the Unitholders requisitioning the meeting and be deposited with the Trustee. The Manager or the Trustee must convene a general meeting no later than eight weeks after receipt of such requisition.

Unitholders will receive at least fourteen days' notice of a general meeting which will be sent to Unitholders at their registered address. In the case of joint named Unitholders, the notice will be sent to the first named Unitholder.

A general meeting of Unitholders duly convened and held in accordance with the Rules shall be competent by extraordinary resolution to:

- (a) sanction any modification, alteration or addition to the provisions of the Trust Instrument which shall be agreed by the Trustee and the Manager;
- (b) remove the Manager or the Trustee (provided the notice is accompanied by a statement of reasons thereof);
- (c) approve an arrangement for the reconstruction or amalgamation of the Scheme with another body or scheme whether or not that other scheme is a collective investment scheme;
- (d) approve any change in the investment, borrowing or hedging powers of the Scheme;
- (e) terminate the Scheme in accordance with the Rules;
- (f) increase the maximum of the fee payable to the Manager, provided any such increase shall become effective at a specified date not earlier than 90 days after the date on which the resolution is passed.

and shall have such further or other powers as are:

- (i) permitted by Guernsey law and not inconsistent with the Rules; or
- (ii) required by Guernsey law.

An "extraordinary resolution" is defined in the Rules and means a resolution proposed and passed as an extraordinary or special resolution at a meeting of Unitholders duly convened and held and carried, whether on a show of hands or on a poll, by a majority consisting of 75 per cent. of the total number of votes cast for and against such resolution.

## **GENERAL INFORMATION**

## **Winding up Procedure**

The Scheme will be wound up in accordance with the Trust Instrument, any applicable Guernsey laws and the Rules.

The Scheme may be wound up upon the happening of any of the following events:

- (a) the revocation of the authorisation declaring the Scheme to be an authorised collective investment scheme; or
- (b) when the date which shall be 100 years (less one day) from the date of the Trust Instrument is reached; or
- (c) upon the termination of the last Class Fund to be in existence; or
- (d) when a Special Resolution passed by the Unitholders determines that the Scheme shall be wound up; or
- (e) the Fund is wound up upon the happening of any of the events specified in the Prospectus for the Fund.

As soon as practicable after the Scheme falls to be wound up, the Trustee will realise the property of the Scheme and, after paying all liabilities and costs and retaining provision for the costs of winding up, distribute the proceeds of the redemption to the Unitholders in proportion to their respective interests.

## **Indemnity and other interests**

The Trust Instrument contains provisions whereby the Scheme indemnifies the Manager and the Trustee against liability that such persons may incur or become liable to by reason of any contract entered into or in the discharge of their duties including legal expenses in respect of the Scheme. They also provide that each of the parties detailed above shall not be liable to the Scheme in certain cases except in respect of their own negligence, dishonesty, wilful default or fraud.

## **General**

Save as set out in this document, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Manager on behalf of the Scheme in connection with the issue or sale or redemption or purchase of any Units of the Scheme.

## **Material Agreements**

### **Administration Agreement**

The Administration Agreement between the Manager, the Trustee and the Administrator dated 4<sup>th</sup> April 2006 pursuant to which the Administrator has been appointed to provide administration and secretarial functions to the Scheme and pursuant to which the Trustee has delegated to the Administrator the registrar function

under the Trust Instrument. This Agreement provides a fee to be payable by the Scheme to the Administrator and is terminable by either the Manager and the Trustee or the Administrator upon giving 60 days' notice in writing or forthwith in the event of certain material breaches of the Agreement (such breaches not having been remedied within 30 days of the relevant party being required to do so) or the insolvency of a party. This Agreement may also be terminated by the Trustee in accordance with and subject to the Rules.

The Administration Agreement provides that in the absence of fraud, negligence or wilful default on the part of the Administrator or that of any agent which is an Affiliate (as defined therein), the Administrator shall not be liable for any loss sustained by the Manager, the Trustee or any Unitholder. In the case of an agent which is an Affiliate, the Administrator will accept liability for any loss the Manager, the Trustee or any Unitholder may sustain as a result of such agent's bankruptcy, liquidation or insolvency in the absence of fraud, negligence, or wilful default or for any loss occasioned by reason only of the liquidation, bankruptcy or insolvency of any agent which is not an Affiliate.

### **Investment Advisory Agreement**

The Investment Advisory Agreement between the Manager and the Investment Adviser dated 4<sup>th</sup> April 2006 pursuant to which the Investment Adviser has been appointed to provide general advice to the Manager in connection with the investment and reinvestment of the assets of the Scheme in accordance with the investment objective, strategy and restrictions for the time being of the Scheme. The Investment Adviser has discretionary authority (subject to the overall direction and control of the Principal Manager) over the assets of the Scheme. The Investment Advisory Agreement is terminable by either the Manager or the Investment Adviser upon giving the other 6 months' prior notice in writing or forthwith in the event of certain material breaches of the Agreement (such breaches not having been remedied within 30 days of the relevant party being required to do so) or the insolvency of a party. There is no fee payable to the Investment Adviser.

The Investment Adviser will not be liable to the Manager or the Scheme or to any Unitholder of the Scheme for any act omission in the course of or in connection with the services rendered or for any decline in the value of the assets of the Scheme or any loss whatsoever that may result to the Manager or the Scheme acting upon any investment advice given to it by the Investment Advisor save in respect of any negligence, fraud, wilful default or breach of the Investment Advisory Agreement committed by it or by any related company or associate or by any of its employees or employees of a related company or associate or by its nominee company.

### **Documents available for inspection**

Copies of the following documents are available for inspection at the offices of the Trustee and the Manager at Arnold House, St Julian's Avenue, St Peter Port, Guernsey GY1 3NF, during normal business hours:

- (a) the Trust Instrument;

- (b) the Material Agreements referred to above;
- (c) the register of Unitholders;
- (d) the latest Scheme Particulars; and
- (e) the latest Annual Report and Accounts.

**APPENDIX A**

**NEW STAR PROPERTY UNIT TRUST PROSPECTUS**

## APPENDIX B

### VERIFICATION OF IDENTITY

The Administrator requires the following identifying documents:-

1. In the case of subscribers who are individuals:
  - (a) a copy of passport displaying photograph and signature, certified to be a true likeness by a notary public or other appropriate official (e.g. a banker, lawyer or other professional) ; and
  - (b) proof of residential address such as a copy of an electricity, gas or telephone bill.
2. In the case of subscribers which are corporate entities, please supply the following identification documents:
  - (a) copies of Memorandum & Articles of Association and Certificate of Incorporation or similar document (including any name changes), in each case certified by the appropriate governmental authority;
  - (b) list of directors and of "Principal Shareholders" (Shareholders holding or having the right to vote more than ten per cent. of the outstanding shares) of the corporate entity;
  - (c) dates of birth of all directors of the corporate entity and of any Principal Shareholders who are *natural persons*;
  - (d) copies of the passports of the directors of the corporate entity and of the *natural person* Principal Shareholders, in each case certified to be a true likeness by a notary public or other appropriate official (e.g. the police, a banker, lawyer or other professional), and proof of address for each such director and Principal Shareholder such as a copy of an electricity, gas or telephone bill; and
  - (e) list of persons authorised to sign on behalf of the corporate entity.
2. In the case of subscribers which are partnerships, please supply the following identification documents:
  - (a) copy of the Deed of Partnership or similar documents providing evidence of establishment of partnership, certified by the appropriate governmental authority; and
  - (b) identification as at 2(d) above of all controlling partners and details of those authorised to sign on behalf of the partnership.

In the case of corporate investors the Administrator may, upon request, accept applications in certain circumstances should it be inappropriate to provide the documents listed at 2(b)-(d) above. If this is the case a written explanation of why provision of such documentation is not considered appropriate is required.