

Premier

Adj. Principal, foremost, first in importance of rank.



A Superb Property Investment Option

- A Fund designed for experienced investors seeking a medium to long-term, low volatile investment in the property market without the need to purchase, manage and maintain property directly
- The Fund has two investment options: one a UK unauthorised Exempt Unit Trust ('EUT') which is available for experienced exempt investors such as pension funds and registered charities. The other an Open-Ended Investment Company ('OEIC') incorporated in the Isle of Man for all other experienced investors
- The Fund will invest in a diversified portfolio of property assets with the objective of achieving long-term growth through the active management of the portfolio. To avoid undue volatility, shares in publicly quoted property companies will not be considered
- The property assets may include:
 - High quality commercial offices with excellent, modern services
 - Attractive retail units situated in major shopping areas
 - Modern warehousing and light industrial property with good distribution links
 - Good quality tenants and long term leases
 - Other secure property assets which offer attractive returns
- All investment monies and the assets of the Fund are held by the Custodian, RBSI Trustee Services (Guernsey) Limited, or by the Trustee of the Exempt Trust, Capita Trust Company Limited
- The Fund will use the professional services of leading property specialists in the areas of strategy, acquisition, management and valuation
- Ideal investment as a secure core holding in a diversified portfolio
- The choice of both Sterling and Euro options, with the security of a hedging mechanism intended to safeguard against currency fluctuations, makes the Fund attractive to international investors
- 100% of each investment will be allocated to purchase either shares in the OEIC or units in the unauthorised EUT
- There will be monthly dealing at a single price which ensures equal treatment of buyers and sellers with no bid/offer spread
- Investors have the option to redeem up to 7.5% per annum of their investment value without penalty

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Property - A Unique Investment Asset

Of all the major investment assets property can uniquely claim that it has the most substantial foundations of all – bricks and mortar. In the UK, ownership of residential property is widespread and increasing values over many years have created wealth for the homeowner and provided a safe roof over the heads of many families.

However, there are other areas of property investment that have provided steady returns for investors and, in fact, most major institutional investors have at least part of their portfolios invested in the property market. Investment in property can produce attractive returns that will enhance portfolio performance and spread risk.

The Property Market

The property investment market is principally concerned with leased income producing commercial property such as retail units, offices, industrial/warehousing and leisure premises, whilst other more specialised property assets offer additional growth and diversification opportunities.

Commercial property leases can be for long periods, up to 25 years or more, during which time the tenant is legally bound to maintain payment of the agreed rent which will usually be subject to review every five years on an upward only basis. The lease will also be favourable to the landlord in that the tenant, usually of sound financial standing, will normally be responsible for undertaking all property repairs and be held responsible for the costs of insuring the property itself.

Property investments can include direct ownership of existing commercial buildings, owning shares in property companies, property development, or through units in pooled property funds. Each of these has a different risk/reward profile and will require a different level of personal involvement.

The Premier Diversified Property Fund

The Fund will, initially, invest in the office, retail and industrial/warehouse sectors of the commercial property market. Further diversity may be achieved in the future by exposure to other secure property assets that offer further growth and diversification opportunities.

The tax efficient structure of the Fund will maximize growth and enable UK investors that are exempt from capital gains tax or corporation tax on capital gains, such as SIPP, SSAS and registered charities, to invest in units of the EUT where otherwise they may have been prevented from doing so. All other prospective investors in the Fund can invest in shares of the OEIC.

The result is a highly efficient Fund offering an opportunity for investors to participate over the medium to long term in a huge market without the need to seek out and manage individual properties themselves.

It is an investment that offers minimal correlation with other markets and uniquely combines a range of different property assets – thus maximizing diversity within this sector.



The Property Market - Key Factors

● Strength

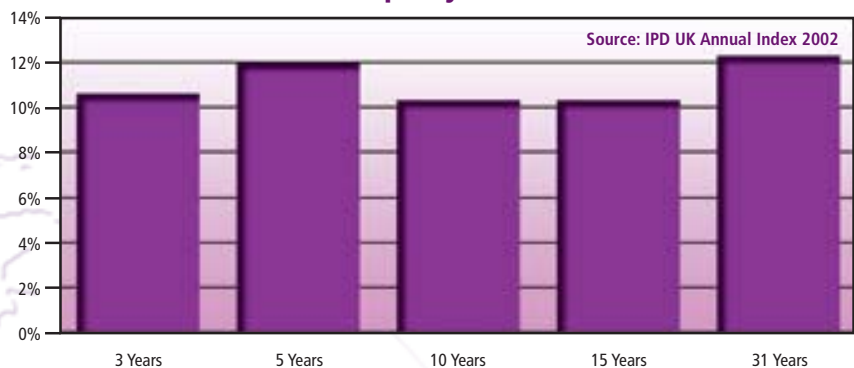
The strength of the underlying assets is a key factor. The Fund assets will include: -

- Good quality buildings maintained to the highest of standards
- Let to financially sound tenants to ensure that rental income remains secure
- On long term leases giving security of income over time
- With upward only rent reviews that may provide some protection against inflation
- In properties with locations that are popular and in demand
- And may include other property related assets that provide diversity and secure returns

● Low volatility

Property investments can be regarded as a low volatile asset. As can be seen from the chart below, the property investor can look forward to fewer, and less pronounced, peaks and troughs compared to other forms of investment.

Annualised Property Returns 1971-2001



What the chart shows

Annualised percentage returns over the periods shown for all commercial property including income.

● Low correlation

When looking to construct an investment portfolio, consideration needs to be given to the link between different asset types in order to ensure that, as far as possible, movements across different markets are not related i.e. non correlated. Various researchers have concluded that property is of low or non-correlation to all the major asset classes including bonds, cash and equities.

Type of Asset	Correlation to Property
Property	Full Correlation
Bonds	Low Correlation
Cash Deposits	No Correlation
UK Equities	No Correlation
Overseas Equities	No Correlation

What the chart shows

Full correlation exists when assets are identical i.e. property with property. Compared to other asset types property has little or no correlation, which makes it an ideal asset in a diversified investment portfolio.

The Plus Factors

Security: Capital Growth: Dependable Returns

Investors in Property Funds are usually seeking three basic ingredients: - Security: Capital Growth: Dependable Returns. All of these ingredients are catered for within The Premier Diversified Property Fundand then there are the Plus factors:-

PLUSDiversity

Property Funds usually invest in only one specific area of the property market. The Premier Diversified Property Fund may invest in a diversified portfolio of property assets that could include leased commercial offices; retail units; warehousing/light industrial and other secure property assets, giving the most comprehensive blend of property assets available in one actively managed Fund.

PLUSSpreading The Risk

The Fund has the flexibility to spread risk in a number of important ways. First and foremost is the ability to select property assets according to current market conditions. Secondly, the Fund can secure a variety of property types: office; retail; warehousing and light industrial in different cities, towns and regions. Thirdly, further diversification and spreading of risk, may be achieved by purchasing the selected assets from a range of providers and fund management groups or leading collective investment funds. However, it should be noted that to avoid undue volatility, shares in publicly quoted property companies will not be considered.

PLUS100% Allocation

100% of each investment will be allocated to purchase shares/units in the Fund. Assuming this grows between 8 - 10% then an investment of £100,000 would grow to between £108,000-£110,000 by the end of year one. It must be remembered however, that there are early surrender penalties for investors who redeem shares/units in the Fund within five years of their initial investment. Growth rates for those investing in Euros are anticipated to be lower due to the cost of hedging the currency risk and all assumed growth rates are based on anticipated annual returns over the medium to long term (minimum five-year period): returns can be variable on a year-by-year basis.

PLUSTax Efficiency

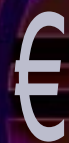
As the OEIC and the Partnership are based in the Isle of Man, which is a leading offshore jurisdiction, they are not subject to taxation on capital growth of assets held, thus enhancing tax efficiency and improving returns for investors. Further tax efficiencies should enhance returns for investors in the UK unauthorised Exempt Unit Trust option – notably SSAS, SIPP & charitable trust exempt investors – see below.

PLUSSSAS, SIPP & Charitable Trust Investors

Increasingly investors and trustees of pension funds and charities are looking for steady returns and low volatility associated with property investment. This is particularly so in the small self-administered schemes and self-invested personal pensions market. To meet this growing demand the Fund can offer a UK unauthorised Exempt Unit Trust option specifically designed for such exempt investors that will improve tax efficiency and should lead to enhanced performance.

PLUSInternational Investors

International boundaries are shrinking fast and this is particularly so across Europe. Many investors are now looking to invest in the new European currency and in order to provide access for such investors the Fund has a Euro currency option. As the assets of the Fund are Sterling based the Fund has in place the security of a hedging mechanism, which is intended to safeguard against currency fluctuations and help to reduce volatility.



The Fund

The Fund comprises three entities: The Premier Diversified Property Fund plc, an Open Ended Investment Company ('OEIC') incorporated under the laws of the Isle of Man; The Premier Diversified Property Fund Exempt Trust, an unauthorised Exempt Unit Trust ('EUT') established under the laws of England and Wales; and The Premier Diversified Property Fund L.P., ('the Partnership'), a limited partnership established under the laws of the Isle of Man.

Both the OEIC and the EUT will be feeder funds for the Partnership; they will become limited partners of the Partnership and substantially all of their assets will be invested in the Partnership. The Partnership will invest substantially all of its assets in a diversified portfolio of property assets including leased commercial property and other secure property related assets. To avoid undue volatility, shares in publicly quoted property companies will not be considered.

In order to invest in the Fund, UK resident investors who are exempt from UK capital gains tax or corporation tax (such as SIPP SSAS and Registered Charities) should invest in units in the unauthorised EUT. All other prospective investors in the Fund should invest in shares of the OEIC.

This tax efficient structure will offer the potential for long-term capital growth through the active management of a diversified portfolio of property assets.

Investment Objective

The Partnership will invest in a range of secure property related assets with the objective of providing capital growth, over the medium to long term, within a relatively low volatile environment.

Security

Assets of the OEIC and the Partnership, are held by the Custodian, RBSI Trustee Services (Guernsey) Limited, who are based in St Peter Port, Guernsey and are a wholly owned subsidiary of RBSI Security Services (Holdings) Limited and an associate of The Royal Bank of Scotland International. Assets of the EUT are held by the Trustees, Capita Trust Company Limited who are based in London. They are one of the leading independent trust companies in the United Kingdom and are regulated by the Financial Services Authority ('FSA').

Independent Valuations

To ensure the highest levels of integrity, the respected firm of property consultants, Allsop & Co have been appointed to carry out independent monthly property valuations. These valuations, along with the valuation of other scheme assets, will form the basis of the Fund's share and unit price. Allsop & Co has been established since 1906 with offices throughout the UK including several in London.

Property Management

Allsop Commercial Management Limited, an associated company to Allsop & Co, has been retained to act as property managers for the Fund's commercial property assets. They are considered in this field to be a centre of excellence, with a high quality portfolio of institutional clients.

Acquisition of Assets

Continuing the theme of diversification, the leading 'niche' property investment agency of Lewis & Partners will assist in the acquisition of suitable properties on a competitive cost basis. Lewis & Partners was formed in January 1994 and have many leading corporate clients. Lewis & Partners have been appointed by TIS Property Services Ltd.

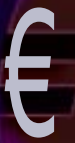
Property Adviser

Specialist Property Advisers, TIS Property Services Ltd, were established in the UK in 1962 and the Directors have many years experience in commercial and residential property investment and management. They act as Property Advisers to the Fund providing strategic advice across the complete range of property assets.

Combined Expertise

This combined expertise will:

- ensure the smooth acquisition of suitable assets at a competitive price;
- maintain expert management of these assets to control and enhance value;
- ensure consistency and transparency in determining the value of assets held.



The Benefits of Investing via The Premier Diversified Property Fund

The Fund is able to provide benefits not readily available to individual investors: -

- **Liquidity** – Investing in the Fund is simple and occurs on a monthly basis. In addition, special arrangements have been put in place with major banking institutions to ensure that, in most circumstances, disposing of shares/units will also be possible each month.
- **Bulk Purchasing Power** – As the Fund will be making substantial investments it will take advantage of economies of scale that are not normally available to private investors. These include the reduction of market margins in return for volume, thereby enhancing potential returns for investors.
- **Professional Expertise** – Through the Fund's specialist Property Advisers, TIS Property Services Ltd, the Fund will consider purchasing a variety of property related assets using the expert professional services of leading firms of property consultants.
- **Diversification & Spread of Investment** – Based on the above criteria, the Fund will invest in a diversified portfolio of property assets some of which may be purchased from existing top performing funds. A possible spread of investments, over the medium to long term, could be as follows: -



The Premier Diversified Property Fund

Example of Possible Property Asset Mix

1. Offices	30%
2. Warehouses	20%
3. Light Industrial Units	10%
4. Retail / Retail Warehouses	30%
5. Other Secure Property Assets	10%

- **Gearing** – The Fund has arrangements in place with major banking institutions to provide funds for the acquisition of properties. Any growth in the value of assets after costs will be of direct benefit to investors who may normally find such borrowings difficult to arrange.
- **International Appeal** – The Fund is available with a choice of Sterling or Euro options, with the security of a hedging mechanism intended to safeguard against currency fluctuations, making the Fund attractive to international investors.

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How To Invest In The Premier Diversified Property Fund

Application For New Investments

An initial application for new investment in the Fund must be for a minimum of £11,000 or Euro equivalent. Additional investments may be for a minimum of £5,500 or Euro equivalent. When investing through a life assurance single premium bond, the life company may be able to make an initial investment for a minimum of £5,500 or Euro equivalent – you should consult your Financial Adviser for details.

The Administrator, or the Trustee, must receive investment applications and cleared funds by 5pm on each Valuation Day, which is the last business day of each calendar month. Investments will be made on the next Dealing Day, which is the next business day following the Valuation Day.

Payment For Investments

Payment for investments should be made as set out in the relevant application form, which must be completed and sent to the Administrator or the Trustee as applicable.

Acknowledgement

Investments will be acknowledged in writing directly to the applicant with a copy to the applicant's authorised agent, if one is appointed.

Charges

Bid/Offer spread:

Nil

Redemption Charge:

Time Investment is Held

Redemption Penalty

Up to 1 year (if permitted)
From 1 year to 2 years
From 2 years to 3 years
From 3 years to 4 years
From 4 years to 5 years
From 6 years onwards

9.0 to 7.2 per cent
7.2 to 5.4 per cent
5.4 to 3.6 per cent
3.6 to 1.8 per cent
1.8 to 0 per cent
0 per cent

NB: The Redemption Charge reduces by 0.45% per quarter

Total Annual Management Fee 1.5% (excluding VAT)

Any acquisition costs will be amortized over 5 years. Charges are fully explained in the Scheme Particulars, a copy of which can be obtained from the Administrator or Trustee. The Scheme Particulars must be read by all prospective investors, their Investment Advisors and Agents. This brochure is for information purposes only and should be read in conjunction with the Scheme Particulars. Investment returns are not guaranteed and the past performance of property investments are not necessarily a guide to future returns. If you are in any doubt as to the suitability of an investment you should consult your Financial Adviser.



Frequently Asked Questions

What about my personal tax situation?

The tax you pay, if any, on the increase in the value of your investment will depend upon your own tax position and tax jurisdiction. If you require advice on your personal tax position you should consult your Tax Adviser on this aspect.

How is my investment valued?

The Property Valuer will advise the Administrator each month of the total value of all properties owned by the Fund and this valuation, along with the valuations for other scheme assets (including cash held within the Fund) will determine the value of your investment on the Valuation Day.

What are the Dealing Days and Valuation Days?

The Dealing Days, which are usually the first working day of each month, are the only days on which investment and redemption may take place. The Valuation Days are the last working days of each month prior to the Dealing Days on which the Administrator and the Trustee value the Funds entities.

What is the minimum investment?

The minimum initial investment is £11,000 or Euro equivalent, which is also the minimum ongoing investment holding. The minimum additional investment thereafter is £5,500 or Euro equivalent. If you invest through a life assurance single premium bond, the life company may be able to make an initial investment for a minimum of £5,500 or Euro equivalent, which in this case will also be the minimum ongoing investment.

Do I have to give notice to redeem or reduce my investment?

Yes, notice has to be given not less than 21 days prior to each Dealing Day. For full details regarding redemption please refer to the Scheme Particulars, which are available from the Administrator or the Trustee. Please remember that an investment into the Fund should be considered as a medium to long term investment (minimum 5 years).

Can I take an income from my investment?

Yes – subject to the terms outlined within the Scheme Particulars, you may withdraw up to 7.5% pa from your investment without imposition of the redemption penalty- subject to the minimum investment amounts detailed above.



Corporate Structure

Administrator of the OEIC and the Partnership

Abacus Financial Services Limited
Sixty Circular Road
Douglas
Isle of Man IM1 1SA

Custodian of the OEIC and the Partnership

RBSI
Trustee Services (Guernsey) Limited
St Andrew's House
Le Bordage, St Peter Port
Guernsey, Channel Islands

Tax Advisers

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

Trustee of the unauthorised EUT

Capita Trust Company Limited
Guildhall House
81-87 Gresham Street
London EC2V 7QE

Isle of Man Legal Advisers

Cains Advocates Limited
Old Bank Chambers, 15-19 Athol Street
Douglas
Isle of Man IM1 1LB

Property Advisors to the Partnership

TIS Property Services
T.I.S House, Spring Villa Park
Edgware
Middlesex HA8 7EG
United Kingdom

Property Manager to the Partnership

Allsop Commercial Management Ltd
1 Cumberland Place
London W1H 7AL

Property Valuer to the Partnership

Allsop & Co.
27 Soho Square
London W1Y 6AX

UK Legal Advisers

Osborne Clarke
Hillgate House
26 Old Bailey
London EC4M 7HW

Auditors of the OEIC and the General Partner

Ernst & Young
Jubilee Buildings
Victoria Street
Douglas
Isle of Man IM1 2LR

Promoter of the Partnership

Premier Property Distribution Inc.
Akara Building
24 De Castro Street
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

Bankers to the Company and the General Partner

Royal Bank of Scotland International Limited
22 High Street
St Peter Port
Guernsey, Channel Islands

Bankers to the unauthorised EUT

Lloyds TSB Bank plc
City Office
11-15 Monument Street
London EC3V 9JA

The Property Specialists

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Constitution & Taxation

The OEIC and the Partnership have been established as Experienced Investor Funds under the Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999 (the 'Order'). As such, investment in the unauthorised EUT or through the OEIC is restricted to those who qualify as Experienced Investors. Experienced investors are defined in the Order as 'persons who, in relation to any experienced Investor Fund, are sufficiently experienced to understand the risks associated with an investment in that Fund'. Isle of Man residents are not permitted to invest in the Fund.

Neither the Partnership, the OEIC nor the unauthorised EUT are subject to any form of regulation or approval in the Isle of Man or the UK and investors are not protected by any statutory compensation arrangements in the event of either of the Fund's failure. Both the Isle of Man Financial Supervision Commission and the UK Financial Services Commission do not vouch for the financial soundness of the Partnership, the OEIC or the unauthorised EUT or for the correctness of any statements made or opinions expressed with regard to them.

The Scheme Particulars contain further details of the OEIC, the unauthorised EUT and the Partnership and the way in which Shares and Units may be purchased and redeemed.

Taxation

Under the system of taxation presently in force in the Isle of Man, no taxes will be chargeable on any income, profits or capital gains of the OEIC or the Partnership or on any dividends payable by either. The Directors intend that both the OEIC and the Partnership will be managed and controlled in such a way that they should not be resident in the United Kingdom for taxation purposes, though rental income received from properties in the UK will be subject to tax. Under the system of taxation presently in force in the UK, no taxes should ultimately be chargeable on any income, profits or capital gains of the unauthorised EUT subject to certain provisions being met. Neither the Partnership, OEIC nor the unauthorised EUT warrant in any way the tax position outlined above, which is subject to changes in the relevant legislation and in interpretation and application.

General Notices

The Premier Diversified Property Fund plc, The Premier Diversified Property Fund L.P. and The Premier Diversified Property Exempt Unit Trust, their Administrators, Custodians, Trustees and the Promoter do not give investment advice to investors in relation to the Fund. Prospective investors should consult their Professional Advisers on the possible tax consequences of buying, selling, holding or redeeming Shares or Units under the laws of the countries of their incorporation, citizenship, residence or domicile.

All prospective investors, their appointed Investment Advisers and Agents should read the Scheme Particulars.