



REAL ESTATE

INVESTMENT MANAGEMENT

Our Ref: WM/Props/Jersey/MD003

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Mr Bill Sarre
Director
CB Richard Ellis
45 Century Buildings
The Esplanade St Helier
Jersey
JE2 3AD

11 November 2008

Dear Bill,

RE: Proposed introduction of tax on off-shore investors

As Property Fund Manager to West Midlands Metropolitan Authorities Pension Fund (Administered by Wolverhampton City Council), we are writing to make representations to the States of Jersey concerning the proposal to introduce a 20% tax on income for non-Jersey resident owners.

Our clients made an investment in a commercial property in St Helier in good faith in about 2005 on the understanding that, as an off-shore 'gross' Fund it would not be subject to Jersey tax on income. The Fund would not have invested in Jersey if the taxation regime were as now proposed.

Our Clients, with their advisors will be investigating ways of mitigating the tax. If this cannot be achieved, the Fund is likely to sell the asset. We would certainly not contemplate reinvesting on the island, which would become a very significantly less inviting place to place money, unless the tax regime were changed to allow offshore pension fund investors to invest on a tax free basis as they would in the UK. In our view, this proposed tax change significantly damages the reputation of Jersey as an investment location. It is almost inconceivable that we would advise any of our clients to invest again on the Island whilst the regime is so unfriendly to inward pension fund investors.

Our Client has particularly asked us to state that if as seem likely they were suffer a reduction in the value of their property as a result of the proposed taxation they will be inclined to impose a ban on all further Jersey based investments and vehicles and furthermore will undertake a review of existing vehicles for the possibility of migrating to more stable and investor friendly jurisdictions. The Fund appreciates that this is a strong stance to take, but is anxious that it takes all necessary steps to preserve the current and future value of its investments for the benefit of its pensioners, particularly during such demanding economic circumstances.

I would be grateful if you would pass a copy of this letter to the tax authorities in Jersey.

Kind regards

Yours sincerely
For and on behalf of
ING Real Estate Investment Management (UK) Ltd


Michael Daggett
Director