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Mr Philip Bickerstaffe
Prospect
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4 June 2010

Dear Philip

2010 Pay Review

After much consideration, and following recent discussions and meetings on Telereal Trillium's 2010 Pay review, I write to confirm the Company's pay offer on a formal basis .

In making this proposal it is important to note that it is made in line with similar principles and equivalence with other collectively bargained groups within Telereal Trillium.

Following our various meetings I have discussed and considered your claim with the Board and, as discussed, outline our position in relation to this.

1. Historically discussions and negotiations on salary reviews in Telereal Trillium have been guided by RPI. This year, in the latter stages of our negotiations, we have had no alternative but to factor in the commercial discussions which are ongoing with BT and anticipating potential strategies which may be adopted by the new Government which may have an impact on other contracts. Our intention is to continue to use RPI as a guide for pay negotiations, but exceptionally for this year, we intend to use the March 2010 figure (4.4%) rather than April (5.3%). This is not a step we take willingly or without very careful consideration.

At the date of last year's pay review, RPI was running at -1.2%. Although we maintained pay levels then, we did state that the negative RPI figure would have to be taken into consideration in the 2010 pay review.

Thus, in the context of current and anticipated challenges for 2010, we are proposing a total annual increase pot of 3.2% for distribution across two distinct categories of staff.

- a. Original population who TUPE'd across from BT

Historically Telereal set objectives to iron out legacy pay anomalies and the matrix approach has been used to address this. In this year's pay review we continue to work within the matrix approach.

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Following our negotiations we propose to increase the ranges plus the midpoint of the matrix by 3.2% and the "pot" has been distributed to correct the "original population" pay within the matrix to move individuals to within 4% of midpoint.

We have applied the same principles as in previous years in the distribution of this year's pay pot. As you are aware the pay matrix is applied which allocates pay increases according to the individual's performance and position in the pay range.

EX BT - Pay Range uplifted by 3.2%; Suggested Matrix applied

	SEE	EE	ME	BE
Above Midpoint	n/a	2.4	2.2	0
Within 4% of Midpoint	n/a	4	3.8	0
Below 4% of Midpoint	n/a	4.7	4.5	0

b. Telereal/Telereal Trillium hires

Individuals on Telereal or Telereal Trillium contracts will receive a 3.2% pay increase.

Our payroll close date is 14 June 2010 and it would be good to have the Branch Committee's acceptance of this offer in time to process the increases for the June payroll.

2. In acknowledging the difficult economic times, the Company has explored other options to enhance individuals' reward packages and will be launching a salary exchange programme.

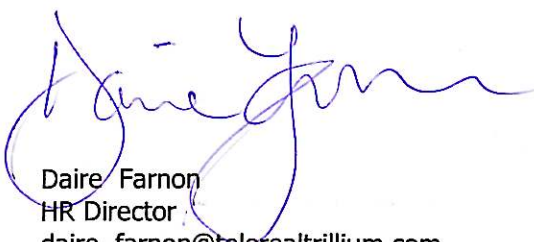
The aim of the salary exchange programme is to reduce the National Insurance Contributions payable by members of the Telereal Trillium pension arrangements, and will be available to both members of defined benefit ("final salary") and defined contribution ("stakeholder") pension schemes. All of the benefit from the employee's contributions will flow to the individual employee, as will 50% of the benefit from the employer's contributions (The remaining 50% is directed to the administrative costs of establishing and maintaining the scheme).

A full communication plan is in place and full details including FAQs will be launched at the end of June.

This programme will be introduced no later than 1 September 2010.

We would like to take this opportunity to thank Prospect and their member representatives for the professional, sensible and supportive approach to this year's pay negotiations. Working through such difficult economic times will, we hope, demonstrate the strength of the partnership between Telereal Trillium and Prospect in being able to work constructively together when times are difficult as well as when the property sector and the economy are better.

Yours sincerely



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