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This document comprises a circular and an admission document which has been drawn up in accordance with the AIM Rules. It does not constitute a prospectus as defined by the Prospectus Rules and has not been approved by or filed with the UK Listing Authority. No offer of securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Placing. Copies will be available free of charge to the public during normal business hours on any Business Day at the offices of Marshall Securities Limited, 145-157 St John Street, London EC1V 4RE for a period of one month from the date of Admission in accordance with Rule 3 of the AIM Rules.

Details of the registered office of the Company and the names of the Directors appear on page 8 of this Admission document. The Directors accept both individual and collective responsibility for the information contained herein and for the Admission document's compliance with the AIM Rules. 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 Admission document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application is being made for all of the B Shares to be issued pursuant to the Placing to be admitted to trading on AIM. The B Shares are not dealt in on any other investment exchange and no application is being or has been made for the B Shares to be admitted to any such exchange. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Admission document.** It is expected that Admission will take place and dealings in the B Shares will commence on 19 February 2009 in respect of the Initial Placing and on 12 March 2009 in respect of the Supplemental Placing, if any.

Potential investors should read the whole of this Admission document. Your attention is drawn in particular to Part II headed "RISK FACTORS" set out on pages 12 to 14.

BROOKWELL LIMITED

*(Incorporated in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996,
as amended, with registered number 48958)*

Proposed adoption of Amended Articles

Proposed Placing of up to 75 million B Shares at 100p each and Admission to trading on AIM

Nominated Adviser

Deloitte Corporate Finance

Broker

Marshall Securities Limited

The Company was initially established with consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 2003, as amended, with authorisation to raise up to £75,000,000 of subscriptions. These Ordinances have now been repealed insofar as they relate to the Company and its regulation is now governed by the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, under which the Company is regulated as an Authorised Closed-Ended Investment Scheme pursuant to the Authorised Closed-Ended Investment Scheme Rules, 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council accepts any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard thereto.

The B Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act). In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended, (the "Investment Company Act") and investors will not be entitled to the benefits of the Investment Company Act.

Deloitte Corporate Finance is acting as nominated adviser to Brookwell and no one else in connection with the Placing and Admission and will not regard any other person as its client or be responsible to anyone other than Brookwell for providing the protections afforded to clients of Deloitte Corporate Finance or for providing advice in relation to the Placing and Admission or any matter referred to herein. Deloitte Corporate Finance's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company, to any Director or to any other person in respect of their decision to acquire B Shares in reliance on any part of this Admission document. Deloitte Corporate Finance is a division of Deloitte LLP, which is authorised and regulated by the UK Financial Services Authority in respect of regulated activities.

Marshall is acting as broker to Brookwell for the purposes of the AIM Rules. Marshall is a member of the London Stock Exchange, and is authorised and regulated by the UK Financial Services Authority and is acting exclusively for the Company in connection with the matters set out in this Admission document. Marshall is not acting for, and will not be responsible to, any other person for providing the protections afforded to customers of Marshall or for advising any such person on the contents of this Admission document or any transaction or arrangement referred to herein. No representation or warranty is made by Marshall as to the contents of this Admission document.

Notice of an extraordinary general meeting of Brookwell, convened for 9.00 a.m. on 29 January 2009 at the offices of Legis Corporate Services Limited, 1 Le Marchant Street, St Peter Port, Guernsey GY1 4HP, is set out at the end of this document. To be valid, the form of proxy accompanying this document must be completed and returned in accordance with the instructions printed thereon so as to be received by Capita Registrars, Proxy Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event, in order to be valid, no later than 48 hours before the time appointed for holding of that Extraordinary General Meeting.

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KEY INFORMATION

This Admission document describes the B Shares, the Amended Articles and the timetable in respect of the Placing on the basis that Shareholder Approval is obtained.

The following is a summary of the more detailed information set out in this Admission document and should be read as an introduction before reading the full text. Your particular attention is drawn to the Risk Factors set out in Part II of this Admission document. It is most important that any decision to acquire B Shares should be based on consideration of this Admission document as a whole.

The Company

The Company has been established in Guernsey under Guernsey Law and is an Authorised Closed-Ended Investment Scheme pursuant to the Authorised Closed-Ended Investment Scheme Rules, 2008 prescribed pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Brookwell was incorporated in May 2008 with the objective of providing value and liquidity for its shareholders. The Existing Shares, which are proposed to be renamed “A Shares”, were admitted to trading on AIM on 26 June 2008 (in respect of the initial placing of Existing Shares) and 17 July 2008 (in respect of the supplemental placing of Existing Shares). The Company is an investing company for the purposes of the AIM Rules.

On Flotation, the Company acquired AIM Securities and Listed Securities from financial institutions, in consideration for which the Company issued 25,524,743 Existing Shares at a price of 100p each.

The Company retained the services of PARL to manage its portfolio. The Investment Manager believes there is demand from prospective investors for a further issue of Shares. Accordingly, the Company proposes, subject to Shareholder Approval, to issue B Shares pursuant to the Placing.

Proposed Placing of B Shares

The Investment Manager believes that the portfolios of many UK financial institutions include holdings in AIM Securities and Listed Securities which are not central to their investment strategy and which may comprise a fairly small percentage of their overall holdings. It may not be economically viable for those financial institutions to commit the time and bear the costs of becoming actively involved in the management of such securities.

The Investment Manager believes the Company is able to provide such financial institutions with an opportunity to:

- ▶ dispose of their non-core holdings and then recycle the proceeds in accordance with their investment priorities; and
- ▶ rationalise their portfolios and thereby improve portfolio efficiency by focusing more resources on their core investments.

The Directors and the Investment Manager believe that there is an opportunity to acquire further AIM Securities and Listed Securities in exchange for the issue of new Shares which are proposed to be named “B Shares”. Investments acquired by the Company will have to meet the criteria for Qualifying Securities set out in paragraph 3(a) of Part V of this Admission document.

The Qualifying Securities, added to the existing assets of the Company, would provide a broader base from which to recover certain costs of the Company, thereby potentially enhancing the NAV per Existing Share.

In order to be able to implement the issue of the B Shares, the Company intends, subject to Shareholder Approval, to adopt the Amended Articles which provide, *inter alia*, for the implementation of a Class Fund structure which is described further below. The issue of B Shares and the other matters described in this Admission document are conditional on the passing of the Resolution at the EGM.

Class Funds

The assets of the Company immediately prior to the Placing (and any income arising from, and the proceeds from realisation of, such assets) will be attributed to a Class Fund (the A Class Fund) whilst Qualifying Securities obtained pursuant to the Placing (and any income arising from, and the proceeds from realisation of, such Qualifying Securities) will be attributed to a separate Class Fund (the B Class Fund).

The Amended Articles provide that liabilities attributable solely to the A Class Fund or the B Class Fund will be allocated to the A Class Fund and the B Class Fund, respectively. Liabilities not attributable solely to a particular Class Fund will be allocated to each of the A Class Fund and the B Class Fund *pro rata* based on the NAVs attributable to the Existing Shares and the B Shares on the preceding Reference Date, except where the Directors determine that it would be inequitable to do so. In such instances the allocation of such liabilities will be determined by the Directors.

Objective

The objective of the Company is to realise value from its portfolios of AIM Securities and Listed Securities and progressively to return cash to Shareholders.

Methodology

The Progressive Group identified some time ago that institutional portfolios often contain small holdings in illiquid stocks. Although these holdings might represent a small proportion of an institutional portfolio's value, they require a disproportionate amount of the manager's time and resources that may be better employed in managing core investments and investigating new investment opportunities.

The Company's methodology is based on the model of four previous investment companies which are (or were) managed by either PARL or its parent company, PVML. The first two companies have completed the realisation of their portfolios. The Company follows the methodology of those investment companies. Further information concerning these investment companies can be found in Part III of this Admission document.

The management team of PARL responsible for the management of the Company's portfolios comprises Robert Legget and Ross Courtier.

Capital structure and life of the Company

The Company's issued share capital following the Placing will comprise the Existing Shares, the B Shares issued pursuant to the Placing, and two Founder Shares. The Founder Shares have negligible rights. Application is being made for the B Shares to be admitted to trading on AIM. The B Shares will have the same rights as the Existing Shares, with the Existing Shares and the B Shares being entitled to the income from, and the proceeds of disposals of the assets attributed to, the A Class Fund and the B Class Fund, respectively. The Shares of each class will be redeemable by the Company at any time at a price per Share determined having regard to their NAV per Share (see paragraph 6 of Part V of this Admission document). The Shares are not redeemable at the request of Shareholders. The Shares carry the exclusive right to any dividend distributed by the Company.

On a winding up of a Class Fund, any surplus assets available for distribution will be distributed to Shareholders who hold Shares of the class to which that Class Fund is attributed *pro rata* based on the number of Shares of that class held by each Shareholder. On a winding up of the Company, any surplus assets of a Class Fund available for distribution will be distributed to Shareholders who hold Shares of the class to which that Class Fund is attributed *pro rata* based on the number of Shares of the relevant class held by each Shareholder. Any assets not attributed to a Class Fund will be returned to the holders of the Founder Shares *pro rata* based on the number of Founder Shares held by each holder of the Founder Shares.

At separate class meetings of the Existing Shareholders and of the B Shareholders to be held in the third quarter of 2011, Shareholders holding Shares of each class will be given an opportunity to initiate the winding up of the A Class Fund and the B Class Fund, respectively, by passing a resolution by a simple majority requesting the directors of the Company to wind up the relevant Class Fund. On any such resolution, any Shareholder who votes in favour of the resolution will be entitled to 100 million votes for every Share held. See paragraph 5(i)(i) of Part V of this Admission document for further details.

Dividend policy

The Board and the Investment Manager will continue to seek to achieve capital growth rather than dividend income. The Company has not declared any dividends since incorporation and it is unlikely that the Company will pay any significant dividends.

Directors

The Board comprises five non-executive directors including Christopher Clark as chairman. The Directors have between them a range of experience of investment companies, including closed-ended Guernsey based investment companies similar to Brookwell, and of smaller quoted companies.

Investment management fees

The Investment Manager is entitled to receive the following fees in respect of the Existing Shares:

- (i) a basic fee equivalent to one per cent. per annum of the aggregate value, at 100p, of the Existing Shares placed pursuant to the Flotation for the period up to 30 June 2010, and thereafter one per cent. per annum of the NAV attributable to the Existing Shares as at 30 June 2010;
- (ii) a capital return fee at the rate of one per cent. of Existing Share Capital Returns (up to 100p per Existing Share) made in any calendar month up to and including June 2010; and
- (iii) an equity appreciation fee equal to ten per cent. of any value returned to Existing Shareholders in excess of 100p per Existing Share.

The Investment Manager will be entitled to receive the following fees in respect of the B Shares:

- (i) a basic fee equivalent to one per cent. per annum of the aggregate value, at the Placing Price, of the B Shares placed pursuant to the Placing for the period up to 31 March 2011, and thereafter one per cent. per annum of the NAV attributable to the B Shares as at 31 March 2011;
- (ii) a capital return fee at the rate of one per cent. of B Share Capital Returns (up to 100p per Share) made in any calendar month up to and including March 2011; and
- (iii) an equity appreciation fee equal to ten per cent. of any value returned to B Shareholders in excess of 100p per B Share.

Annual expenses

The Company will have annual expenses related to its management, administration and regulatory obligations. Further details are set out in paragraph 15(i) of Part V of this Admission document. Where these annual expenses are not attributable solely to either the A Class Fund or the B Class Fund, such annual expenses will be allocated to each of the A Class Fund and the B Class Fund *pro rata* based on the NAVs attributable to the Existing Shares and the B Shares on the preceding Reference Date, except where the Directors determine that it would be inequitable to do so. In such instances the allocation of such annual expenses will be determined by the Directors.

The Placing

The Placing is conditional, *inter alia*, on Shareholder Approval. The minimum subscription level in the Placing is £50,000. On the basis described in paragraph 15(h) of Part V of this Admission document, it is expected that the aggregate costs of the Placing and Admission, including stamp duty or stamp duty reserve tax on the acquisition of Qualifying Securities, will be between 2.5 per cent. and 3.5 per cent. of the gross value of the Qualifying Securities acquired by the Company as a result of the Placing. The fees and expenses of the Placing, including any fees and expenses incurred in the adoption of the Amended Articles and the designation of the Existing Shares as A Shares, are attributable to the B Class Fund. The Investment Manager has agreed to reimburse the Company for any costs incurred by the Company in the event that the Placing is not completed.

The Initial Placing

It is proposed that the Company acquire Qualifying Securities up to a value of £75 million (before expenses) by the issue of B Shares pursuant to the Placing at 100p per B Share. The Placing Price will be satisfied entirely by the transfer to the Company of Qualifying Securities save that investors will be obliged to subscribe in cash if they are unable to settle the transfer to the Company of contracted Qualifying Securities. An investor may, at the discretion of the Company, also agree with the Company to subscribe in cash on the basis that the Company will apply such cash to purchase specified Qualifying Securities from such investor at an agreed price. Qualifying Securities will be acquired at the market bid price as at the close of business on the date of the closing of the Initial Placing (expected to be 6 February 2009), as derived from Bloomberg. In limited circumstances (described in paragraph 3(a) of Part V of this Admission document) Qualifying Securities may be

acquired at a lower price. The aggregate value of all Qualifying Securities to be transferred to the Company by each investor will be rounded to the nearest £1.00.

The Initial Placing is expected to close at 5.00 p.m. on 6 February 2009. The Initial Placing, which is not underwritten, is conditional on the Company acquiring Qualifying Securities to the value of at least £10 million as at the date of the closing of the Initial Placing.

Taking into account the expenses of the Placing, the initial Net Asset Value attributable to the B Shares following the Initial Placing is expected to be between £9.65 million and £73.12 million.

The Supplemental Placing

The Company may, within three weeks of the date of Admission of the B Shares issued pursuant to the Initial Placing, acquire further Qualifying Securities in consideration of a further issue of B Shares provided that the maximum number of B Shares issued pursuant to the Initial Placing and the Supplemental Placing will not exceed 75 million. The Company may acquire any Qualifying Securities in the Supplemental Placing, whether or not the transferor of such securities participated in the Initial Placing and whether or not the Investments to be acquired by the Company in the Supplemental Placing are in companies already held by the Company in the A Class Fund and/or the B Class Fund.

If the Supplemental Placing occurs, Qualifying Securities will be acquired on the same basis as under the Initial Placing save that the relevant market bid price for the bargain will be that at close of business on the date of the closing of the Supplemental Placing (expected to be 27 February 2009). The Supplemental Placing, which will not be underwritten, is conditional on the Initial Placing having been completed. If the Supplemental Placing occurs, it is expected to close at 5.00 p.m. on 27 February 2009.

The results of the Initial Placing are expected to be announced on 18 February 2009 and, if it occurs, the results of the Supplemental Placing are expected to be announced on 11 March 2009. The results of both the Initial and the Supplemental Placing will be announced via a Regulatory Information Service.

Potential investors' attention is specifically drawn to Part II of this Admission document headed "Risk Factors".

PLACING STATISTICS

Placing Price	100p
Number of Existing Shares in issue at the date of this Admission document	17,168,210
Total number of B Shares to be issued pursuant to the Placing and in issue on Admission (assuming the Placing is fully subscribed)	75 million
Estimated opening NAV attributable to the B Shares (assuming the Placing is fully subscribed)	£73 million

EXPECTED TIMETABLE

Publication of this Admission document		15 January 2009
Extraordinary General Meeting	9.00 a.m.	29 January 2009
The Initial Placing		
Close of Initial Placing	5.00 p.m.	6 February 2009
Latest time and date to deliver certificated and uncertificated stock	5.00 p.m.	16 February 2009
Dealings in B Shares issued pursuant to the Initial Placing to commence on AIM	8.00 a.m.	19 February 2009
CREST stock accounts credited		19 February 2009
B Share certificates despatched by		26 February 2009
The Supplemental Placing		
Close of Supplemental Placing	5.00 p.m.	27 February 2009
Latest time and date to deliver certificated and uncertificated stock	5.00 p.m.	9 March 2009
Dealings in B Shares issued pursuant to the Supplemental Placing to commence on AIM	8.00 a.m.	12 March 2009
CREST stock accounts credited		12 March 2009
B Share certificates despatched by		19 March 2009

Any changes to the timetable will be announced through a Regulatory Information Service.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Christopher John Clark (non-executive chairman) Paul Anthony Clarke (non-executive director) Colin Duport Ferbrache (non-executive director) Alasdair Ross McLaren (non-executive director) Philip Dominic Soulsby (non-executive director)
Registered office and place of business	1 Le Marchant Street St Peter Port Guernsey GY1 4HP <i>Website www.brookwelllimited.com</i> <i>Telephone number 01481 726034</i>
Secretary and Administrator	Legis Corporate Services Limited 1 Le Marchant Street, St Peter Port Guernsey GY1 4HP
Investment Manager	Progressive AIM Realisation Limited 145-157 St John Street London EC1V 4RU <i>Telephone number 020 7566 5550</i>
Nominated Adviser	Deloitte Corporate Finance Deloitte LLP 2 New Street Square London EC4A 3BZ
Broker	Marshall Securities Limited 145-157 St John Street London EC1V 4RE
Legal Adviser as to English law	Debevoise & Plimpton LLP Tower 42, Old Broad Street London EC2N 1HQ
Legal Advisers as to Guernsey law	Ozannes 1 Le Marchant Street, St Peter Port Guernsey GY1 4HP
Auditors	Grant Thornton Limited PO Box 313, Anson Court La Route des Camps, St Martin Guernsey GY1 3TF
Reporting Accountants	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
UK Administration Agent	Cavendish Administration Limited 145-157 St John Street London EC1V 4RU
Registrar	Capita Registrars (Guernsey) Limited Longue Hougue House St Sampson Guernsey GY2 4JN
Custodian	The Northern Trust Company 50 Bank Street, Canary Wharf London E14 5NT

PART I
LETTER FROM THE CHAIRMAN

Brookwell Limited

*(Incorporated in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996,
as amended with registered number 48958)*

Directors:

Christopher Clark (Chairman)
Paul Clarke
Colin Ferbrache OBE
Alasdair McLaren
Philip Soulsby

Registered Office:

1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP

15 January 2009

To Existing Shareholders

Dear Sir or Madam,

Proposed adoption of Amended Articles, Proposed Placing of up to 75 million B Shares and Admission to trading on AIM

Introduction

The Company was incorporated in May 2008 with the objective of providing value and liquidity to institutions by offering a means to exchange their AIM Securities and Listed Securities for Existing Shares. The Company has engaged the services of the Investment Manager to realise value and liquidity from the AIM Securities and Listed Securities acquired by the Company on Flotation.

On Flotation the Company acquired 84 stocks with a value of £25.5 million in exchange for the issue of 25,524,743 Existing Shares. In the period to 31 December 2008, the Company has realised £5.1 million from sales of investments, with 43 stocks still held by the Company.

As announced on 10 December 2008, the Company returned, on 30 December 2008, £3.6 million to Existing Shareholders in a *pro rata* redemption of Existing Shares.

Since September 2008, the Investment Manager has consulted both Existing Shareholders and other institutions who have invested in previous investment companies managed by it or its parent company and identified demand from certain Existing Shareholders and from such institutions for a further opportunity to exchange their small and often illiquid holdings of AIM Securities and Listed Securities for Shares or shares in a new company managed by the Investment Manager. Reflecting this demand, the Investment Manager approached the Board with a proposal for the Company to issue a new class of Shares, the B Shares.

The assets acquired by the Company on the issue of the B Shares, added to the existing assets of the Company, would provide a broader asset base over which to recover certain costs of the Company. The investments held by the Company immediately prior to the Placing will be attributed to a Class Fund (the A Class Fund) whilst Qualifying Securities obtained pursuant to the Placing will be attributed to a separate Class Fund (the B Class Fund).

The purpose of this letter is to describe the B Shares and the proposed amendments to the Articles and explain why the Board is seeking your approval for the Resolution to be proposed at the EGM. The Board is convening the EGM at 9.00 a.m. on 29 January 2009 to propose the Resolution. The notice convening the EGM is set out at the end of this Admission document.

The Proposals

The proposals to be put to Existing Shareholders at the EGM (the "Proposals") can be summarised as follows:

- 1 the adoption of the Amended Articles to provide for the establishment of separate Class Funds that are attributable to each class of Shares and to provide for separate accounting in respect of the assets and liabilities attributed to each Class Fund, and to reflect the recent changes to Guernsey law following the introduction of the Companies (Guernsey) Law, 2008;

- 2 the designation of the Existing Shares as “A Shares”, with the assets and liabilities (other than the amount paid up on the Founder Shares and the liabilities considered by the Directors to be incurred in connection with the adoption of the Amended Articles, the designation of the Existing Shares as A Shares and the Placing and Admission) of the Company being attributed to the A Class Fund; and
- 3 the adoption of the Class Fund Rules of the A Class Fund (as set out in Part VII of this Admission document).

Amended Articles

Details of the Amended Articles are set out in Parts V and VI of this Admission document. The primary purpose of the amendments is to make provision for the establishment of separate classes of Shares, and Class Funds attributable to them, and to provide for separate accounting in respect of the assets and liabilities attributed to the Class Funds. The Amended Articles provide that expenses that relate solely to the assets attributable to a Class Fund will be allocated to such Class Fund. Any other expenses not attributable solely to a particular Class Fund will be allocated to each of the A Class Fund and the B Class Fund *pro rata* based on the NAVs attributable to the Existing Shares and the B Shares on the preceding Reference Date, except where the Directors determine that it would be inequitable to do so. In such instances the allocation of such expenses will be determined by the Directors.

It is proposed that the Existing Shares be renamed “A Shares” to distinguish them from the B Shares. The change of name will be effective on the passing of the Resolution. New share certificates will not be issued and existing share certificates will remain valid.

The Amended Articles are available on the Company’s website. The website address is www.brookwellimited.com.

Class Fund Rules

As the Company will have two classes of Shares in issue after the Placing and such classes will have particular assets and liabilities attributed to them, the Amended Articles provide for rules (the Class Fund Rules) to be adopted to govern the operation of the Class Funds.

The adoption of the Class Fund Rules of the A Class Fund is subject to Shareholder Approval. The Class Fund Rules of the A Class Fund will be considered and, if thought fit, approved at the EGM (these Class Fund Rules are set out in Part VII of this Admission document). These Class Fund Rules provide, *inter alia*, that the identity of the investment manager and the investment restrictions cannot be altered without the approval, by way of ordinary resolution, of Existing Shareholders. The Class Fund Rules of the B Class Fund to be adopted by the Directors deal with the same matters that are addressed in the Class Fund Rules of the A Class Fund.

Placing and the Proposed Timetable

The Placing is conditional, *inter alia*, on Shareholder Approval and on at least £10 million being subscribed in the Initial Placing. It is proposed that the Company acquire Qualifying Securities up to a value of £75 million (before expenses) by the issue of the B Shares pursuant to the Placing at 100p per B Share. The Initial Placing is expected to close at 5.00 p.m. on 6 February 2009 and the Supplemental Placing, if any, is expected to close at 5.00 p.m. on 27 February 2009.

Reasons for recommending the Proposals

The Directors believe that the Proposals offer Existing Shareholders the prospect, following the Placing and Admission, of bearing only a proportion of the Company’s fixed costs whilst, in economic terms, their investment remains in the same portfolio of underlying stocks without being affected by any investments held for the benefit of the B Shares, other than in the circumstances (which the Directors consider would be unlikely to arise) described in the risk factor titled ‘Class Funds’ in Part II of this Admission document.

Extraordinary General Meeting

The Proposals are conditional, *inter alia*, on the passing of the Resolution as a special resolution at the EGM. Accordingly, you will find set out at the end of this Admission document a notice convening the EGM to be held at the offices of Legis Corporate Services Limited, 1 Le Marchant Street, St Peter Port, Guernsey GY1 4HP at 9.00 a.m. on 29 January 2009.

At the EGM, the Proposals will be put to Existing Shareholders as a Resolution that will be considered and, if thought fit, approved by the Existing Shareholders.

Action to be taken

Existing Shareholders will find enclosed a form of proxy for use in connection with the EGM. Whether or not Existing Shareholders intend to be present at the EGM, they are requested to complete the form of proxy in accordance with the instructions printed thereon and return it so as to be received by Capita Registrars, Proxy Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event, in order to be valid, no later than 48 hours before the time appointed for holding the EGM. Completion and return of a form of proxy will not preclude an Existing Shareholder from attending and voting in person at the EGM, should the Existing Shareholder so wish.

Recommendation

Your Directors consider the Proposals to be in the best interests of Existing Shareholders as a whole. Accordingly, your Directors recommend Existing Shareholders vote in favour of the Resolution to be proposed at the EGM.

Yours faithfully

Christopher Clark
Chairman

PART II

RISK FACTORS

In addition to all other information set out in this Admission document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. Potential investors who are in any doubt about the action they should take, should immediately consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised pursuant to FSMA, who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory or tax requirements in any of the jurisdictions in which it operates, or intends to operate, as well as overall global financial considerations.

Potential investors should also take their own tax advice as to the consequences of their owning B Shares as well as receiving returns in respect of those B Shares. Tax commentary in this Admission document is provided for information only and no representation or warranty, express or implied, is given to investors in any jurisdiction as to the tax consequences of their acquiring, owning or disposing of any B Shares and none of the Company, the Directors, Deloitte Corporate Finance, Marshall, the Investment Manager or the Administrator will be responsible for any tax consequences for any investors who acquire B Shares.

General

The Company expects that typical investors in the B Shares will be institutional investors who are capable themselves of evaluating the merits and risks of an investment in the Company and who have sufficient resources to be able to bear any losses (which may equal the full value originally invested) that may result from their investment in the Company.

An investment in the B Shares is suitable only for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment.

The value of an investment in the B Shares, and income derived from the B Shares, if any, may go down as well as up. There can be no guarantee that any appreciation in the value of the investments attributed to the B Class Fund will occur and investors may realise less than the value of their original investment in the Company. There can be no guarantee that the objective of the Company will be met.

There are a number of risks associated with investment in the Company, in particular:

Company

There can be no assurance that the Company will achieve its investment objective. The performance of the Company will be reliant upon, amongst other factors, the performance of the Investment Manager.

Investment Manager

The investment management and realisation of the Investments require specialist skills and experience. In the event of an individual manager or managers no longer being available to the Investment Manager, there could be a need for the Investment Manager to identify and recruit a replacement or replacements with the necessary skills. No guarantees can be made that the Investment Manager would be able to recruit such an individual (or individuals) to perform the investment management function.

The past performance of the Company and of the Investment Manager or its parent and of the assets managed by the Investment Manager or its parent are not guides to the future performance of the Company.

The Investment Manager may terminate the Investment Management Agreement on 12 months' notice and in certain other circumstances described in paragraph 11 of Part V of this Admission

document. In the event that the Investment Manager terminates the Investment Management Agreement, there is no guarantee that a suitable replacement investment manager will be identified and engaged to manage the Investments.

B Shares

Investors contemplating acquiring B Shares should recognise that the market value of B Shares and potential income derived from such B Shares can fluctuate. Furthermore, the market price of the B Shares may not reflect the underlying NAV attributable to the B Shares. The market in the B Shares is likely to be illiquid.

On the winding up of the B Class Fund, the proceeds of disposal of the assets less the liabilities attributed to the B Class Fund may not be sufficient for B Shareholders to receive back the full value of their original investment in the Company.

Class Funds

The Company will have in issue Existing Shares and B Shares. The Amended Articles provide for the manner in which the liabilities of the Company are to be attributed to the A Class Fund and the B Class Fund (see paragraph 6 of Part V of this Admission document). However, the Company is a single legal entity. Shareholders holding one class of Shares may bear the liabilities incurred in respect of the other class of Shares if there are insufficient assets in the Class Fund attributable to that other class of Shares to satisfy the liabilities attributed to it.

Liability and indemnification of service providers

The Investment Manager, the Broker, the Nominated Adviser, the Administrator and the UK Administration Agent will be excluded from liability to the Company, except in certain circumstances. The Company has indemnified the Investment Manager and other advisers for losses arising in certain circumstances. Further information is set out in paragraph 13 of Part V of this Admission document.

Economy

Changes in economic conditions (for example, interest rates and rates of inflation) and changes in industry conditions, competition, political and diplomatic events, tax laws and other factors can and do substantially and adversely affect stocks and will also, therefore, affect the Company's portfolios and the Company's prospects.

Investments

Many of the securities in the portfolio of Investments attributed to the B Class Fund are likely to be illiquid and the ability of the Investment Manager to dispose of Investments may be affected if current levels of liquidity deteriorate, for instance if the methods for realisation referred to under "Management of the portfolio" in Part III of this Admission document do not remain open and available. The initial price at which an Investment is acquired by the Company may turn out to exceed its realisable value. The value of Investments will be subject to normal market fluctuations and the risks inherent in investing in the securities and there can be no assurance that appreciation in the value of the Investments will occur.

As explained in paragraph 3(a) of Part V of this Admission document, the Company may decline to accept securities with a recent record of abnormal share price volatility. Nevertheless it is likely that many of the Investments may show above average volatility compared to the securities of larger capitalisation companies on the Official List.

Market risk

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than the risk attached to larger or more established companies. AIM securities are not admitted to the Official List.

B Shareholders will not enjoy any protections or rights other than those reflected in the Amended Articles and those rights conferred by law. The Listing Rules will not apply to the Company.

AIM Companies do not have to comply with the United Kingdom Principles of Good Governance and Code of Best Practice, although the Directors recognise the importance of sound corporate governance and, to this end, the Company has decided to apply the Combined Code and its principles so far as they are appropriate for a company of this size and complexity.

Taxation

Any change in the Company's intended tax status or in taxation legislation in the United Kingdom or Guernsey could affect the value of the investments held by the Company, affect the Company's ability to provide returns to its investors or alter the post-tax returns to its investors. Information in this Admission document concerning the taxation of investors is based upon current tax law and practice which is, in principle, subject to change.

Guernsey law

The Company is a limited liability company incorporated under Guernsey Law. Guernsey Law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company under English law are not provided under Guernsey Law. Further information on the differences between Guernsey and English corporate law is set out in paragraph 4 of Part V of this Admission document.

Potential investors should consider carefully whether an investment in the Company is suitable for them in the light of the potential risk factors, their personal circumstances and the financial resources available to them.

The foregoing risk factors do not purport to be a complete explanation of all the risks involved in acquiring B Shares. Potential investors should read this Admission document in its entirety before deciding whether or not to subscribe for B Shares.

PART III

INFORMATION ON BROOKWELL AND THE PLACING

Introduction

The Company has been established in Guernsey under Guernsey Law and is an Authorised Closed-Ended Investment Scheme pursuant to the Authorised Closed-Ended Investment Scheme Rules, 2008 prescribed pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Brookwell was incorporated in May 2008 to provide value and liquidity for its shareholders. The Existing Shares were issued on 26 June and 17 July 2008 to financial institutions in exchange for the acquisition by the Company of AIM Securities and Listed Securities. The Existing Shares are admitted to trading on AIM and the Company is an investing company for the purposes of the AIM Rules.

The Company has retained the services of PARL to manage its assets.

Objective

The objective of the Company is to realise value from its portfolios of AIM Securities and Listed Securities and progressively to return cash to Shareholders. This objective will not be varied without the approval of an ordinary resolution of each of the Existing Shareholders and the B Shareholders.

The Placing

The Investment Manager believes that the portfolios of many UK financial institutions include holdings in AIM Securities and Listed Securities which are not central to their investment strategy and which may comprise a fairly small percentage of their overall holdings. It may not be economically viable for those financial institutions to commit the time and bear the costs of becoming actively involved in the management of such securities.

The Investment Manager believes the Company is able to provide such financial institutions with an opportunity to:

- ▶ dispose of their non-core holdings and then recycle the proceeds in accordance with their investment priorities; and
- ▶ rationalise their portfolios and thereby improve portfolio efficiency by focusing more resources on their core investments.

The Directors and the Investment Manager believe that there is an opportunity to acquire Qualifying Securities in exchange for the issue of new Shares which are proposed to be named “B Shares”. The Company is seeking to acquire additional AIM Securities and Listed Securities from financial institutions, in consideration for which B Shares will be issued, pursuant to the Placing, at a price of 100p each. Investments acquired by the Company will have to meet the criteria for Qualifying Securities set out in paragraph 3(a) of Part V of this Admission document.

The Qualifying Securities, added to the existing assets of the Company, would, following the Placing and Admission, provide a broader base from which to recover certain costs of the Company, thereby potentially enhancing the NAV per Existing Share.

Class Funds

Qualifying Securities (and any income arising from, and the proceeds from realisation of, such Qualifying Securities) will be attributed to a Class Fund (the B Class Fund) and the assets of the Company immediately prior to the Placing (and any income arising from, and the proceeds from realisation of, such assets) will be attributed to a separate Class Fund (the A Class Fund).

The Amended Articles provide that liabilities attributable solely to the A Class Fund or the B Class Fund will be allocated to the A Class Fund and the B Class Fund, respectively. Liabilities not attributable solely to a particular Class Fund will be allocated to each of the A Class Fund and the B Class Fund *pro rata* based on the NAVs attributable to the Existing Shares and the B Shares on the preceding Reference Date, except where the Directors determine that it would be inequitable to do so. In such instances the allocation of such liabilities will be determined by the Directors.

Shareholder Approval

In order to be able to implement the issue of B Shares, the Company intends, subject to Shareholder Approval, to adopt the Amended Articles which, *inter alia*, make provision for the establishment of separate classes of Shares and Class Funds attributable to such classes of Shares. The issue of B Shares and the other matters described in this Admission document are conditional on the passing of the Resolution at the EGM.

Methodology

The Company's methodology is based on the model of four other investment companies which are (or were) managed by either PARL or its parent, PVML. A summary of those companies is set out below:

	<i>ADVARC</i>	<i>SAVR</i>	<i>TAVR</i>	<i>AIMVARC</i>	<i>Brookwell</i>
Launch date	July 2000	April 2003	December 2005	December 2006	June 2008
Main type of investment	Listed Securities	Listed Securities	Listed Securities	AIM Securities	AIM Securities and Listed Securities
Additional investments	N/A	N/A	AIM Securities – up to 10% of initial portfolio value	Listed Securities – up to 10% of initial portfolio value	N/A
Number of companies in which securities acquired	113	138	114	86	84
Initial portfolio value	£52.7 million	£45.8 million	£76.1 million	£37.8 million	£25.5 million
Aggregate cash returned to shareholders to date	£44.7 million	£59.7 million	£63.2 million	£16.0 million	£3.6 million
Net asset value of remaining portfolio at 31 December 2008	N/A	N/A	£10.8 million	£5.0 million	£7.4 million
Cash and cash equivalents at 31 December 2008 included in the above net asset value	N/A	N/A	£10.7 million	£0.2 million	£0.6 million
Number of companies in which securities held at 31 December 2008	N/A	N/A	2	26	43
Appointment of liquidators to wind up voluntarily	September 2003	June 2005	N/A	N/A	N/A

The past performance of *ADVARC*, *SAVR*, *TAVR*, *AIMVARC* and the Company to date is not a guide to the future performance of the Company.

ADVARC returned in aggregate cash equal to 85 per cent. of its initial portfolio value in what the Investment Manager believes were poor market conditions. *SAVR* returned in aggregate cash equal to 130 per cent. of its initial portfolio value in what the Investment Manager believes were good market conditions. The Company follows the concept of the four previous investment companies and

currently has the same corporate structure as AIMVARC. If the Resolution is duly passed at the EGM and B Shares are issued pursuant to the Placing, the corporate structure of the Company will differ from that of AIMVARC in that the Company will have two classes of Shares in issue, to which each will be attributed a Class Fund.

Performance of Brookwell

The Existing Shares were issued, and admitted to trading on AIM, on 26 June 2008 (in respect of the initial placing of Existing Shares) and 17 July 2008 (in respect of the supplemental placing of Existing Shares). Pursuant to the Flotation, the Company acquired securities in a total of 84 companies of which 62 were AIM Companies and 22 were companies listed on the Official List. The initial portfolio value was £25.5 million. On 30 December 2008, the Company returned £3.6 million to Existing Shareholders in a *pro rata* redemption of Existing Shares. As at 31 December 2008 the Company had net assets of £7.4 million, including cash of £0.6 million. The portfolio comprised securities of 43 companies in total.

The UK Listed and AIM markets

The Company is focused on Listed Securities and AIM Securities.

The Investment Manager has reviewed the make up and liquidity of AIM Securities and the smaller companies listed on the Official List based on statistics published by the London Stock Exchange and on data provided by the London Stock Exchange. Using turnover in securities as a percentage of market capitalisation, the Investment Manager has concluded that the level of liquidity of AIM Securities and Listed Securities, in each case with a market capitalisation of less than £100 million, is much lower than the average of all AIM Securities and Listed Securities. The Investment Manager's analysis also shows that the level of liquidity of such securities has fallen significantly in the period since 1 January 2004.

As a result, the Investment Manager has concluded that the main means of disposal of the Investments attributed to the B Class Fund is likely to be through corporate transactions, by encouraging the management of investee companies to enhance shareholder value and through encouraging investor attention brought about by the activities of the Investment Manager.

Establishment of the B Class Fund

The securities the Company acquired on Flotation included securities which were relatively illiquid and the Investment Manager expects that the Qualifying Securities the Company will acquire pursuant to the Placing will also include relatively illiquid securities. In the interests of B Shareholders, the Company reserves the right not to accept securities pursuant to the Placing which are unlikely to be saleable at a reasonable value even with the application of the Investment Manager's expertise and effort. To this end, the Company has adopted a number of mandatory and discretionary criteria for the rejection of securities offered to it in exchange for the issue of B Shares pursuant to the Placing. These criteria are set out in paragraph 3(a) of Part V of this Admission document. The Investment Manager will carefully evaluate the securities offered to the Company in the Placing in order to assess their eligibility based on these criteria. The Company may acquire, pursuant to the Placing, AIM Securities and Listed Securities which satisfy the criteria.

There are no mandatory restrictions on the business or geographical sectors of investee companies. Although the Directors expect that most investee companies will have a market capitalisation of less than £100 million, there are no criteria relating to minimum or maximum market capitalisation in determining whether securities are Qualifying Securities.

Following the Placing, the Company will acquire no further equity securities for the B Class Fund except that it may exchange Investments for other Qualifying Securities if, in the opinion of the Investment Manager, this would provide a better prospect of value and liquidity for the Company.

Management of the B Class Fund

Utilising the experience it has gained by managing the investments of the previous four investment companies described above, in particular TAVR and AIMVARC, and by managing the assets acquired by the Company in exchange for the issue of Existing Shares, PARL's investment team has an established approach to managing investments of the type that will be acquired by the Company pursuant to the Placing.

Following the Placing, PARL will perform an evaluation of the Qualifying Securities in order to assess the most appropriate strategy for each Investment. PARL expects that whilst some Investments may be considered appropriate for sale in the shorter term, other Investments will be held for a longer period with the aim of successfully realising their inherent value.

PARL will be flexible in its strategy in relation to a particular Investment. The strategy may need to be altered to reflect changes in market conditions or changes in the circumstances relating to that Investment. Accordingly, regular reviews will be held to address the current position of the unrealised holdings attributed to the B Class Fund and the B Class Fund's portfolio risk.

The particular characteristics of each individual Investment will be analysed carefully. For instance, in cases where the investee company adopts policies or engages in actions designed to achieve value and liquidity, PARL may decide to hold the Investment for a period to benefit from such actions. In other cases, the shareholding attributable to the B Class Fund may represent a key interest derived from the consolidation of several smaller holdings attributable to the B Class Fund or attributable in part to the A Class Fund and in part to the B Class Fund which, of itself, would alter the dynamics of a corporate situation.

When engaging with an investee company, PARL intends to adopt a constructive approach in relation to such investee company's board and management so as to encourage them to be active in the pursuit of enhanced value and liquidity in the shares of such investee company.

Neither the Company nor PARL will engage in the management of investee companies but, if appropriate, will encourage the investee company to engage a suitably qualified person to fulfil such a role.

PARL may, with the agreement of the Board in each case, arrange for the Company to enter into agreements to sell part of an Investment to a third party with appropriate arrangements to incentivise that third party to purchase or procure the purchase of the remainder of the Investment.

The Investment Manager expects to realise assets through a variety of methods, for example:

- ▶ sales to particular interest groups, such as other shareholders, private equity specialists or trade buyers;
- ▶ stimulating broker and market activity;
- ▶ encouraging the company concerned to buy in its own securities;
- ▶ sales to management teams or their backers in management buy-outs or buy-ins; and
- ▶ sales of all or part of an Investment to a potential bidder.

The Investment Manager will seek to establish a number of strategic interests, for example, by consolidating holdings from several financial institutions. The Investment Manager considers that relatively large equity holdings in investee companies with small market capitalisations provide an opportunity to create value and liquidity and believes that managing these types of holdings fits well with the Investment Manager's skill set.

PARL expects that the B Class Fund may, towards the end of its life, be comprised of fewer than 20 investments. PARL intends to identify at the outset any Investments which, in the absence of concerted action, would be likely to become residual holdings towards the end of the life of the B Class Fund and will adopt strategies, including early engagement with both the management of such investee companies and with third parties who might assist in a solution, designed to realise the maximum value from them at an earlier stage.

Capital structure and life of the Company

The Company's issued share capital following the Placing will consist entirely of the Existing Shares, the B Shares placed pursuant to the Placing, and two Founder Shares. The Founder Shares have negligible rights. Application is being made for the B Shares to be admitted to trading on AIM.

The Qualifying Securities acquired pursuant to the Placing will be attributed to the B Class Fund. The B Class Fund will be (a) reduced by disposals of Qualifying Securities and any liabilities attributed to the B Class Fund, and (b) augmented by any income deriving from the Qualifying Securities and the cash or other proceeds deriving from disposals of such Qualifying Securities. The assets and liabilities (other than the amount paid up on the Founder Shares and the liabilities considered by the Directors to be incurred in connection with the Amended Articles, the designation of the Existing Shares as A Shares and the Placing and Admission) of the Company immediately prior to the Placing will be attributed to the A Class Fund. The A Class Fund will be (a) reduced by

disposals of such assets and any liabilities attributed to the A Class Fund, and (b) augmented by any income deriving from such assets and the cash or other proceeds deriving from disposals of such assets. The Existing Shares are, and the B Shares will be, redeemable by the Company at any time at a price per Share as described below under “Redemption of Shares”. Neither the Existing Shares nor the B Shares are redeemable at the request of Shareholders. The Existing Shares and the B Shares carry the exclusive right to any dividend distributed by the Company, any such dividend being paid in respect of a class of Shares solely out of the returns or assets of the Class Fund attributed to that class of Shares.

On a winding up of a Class Fund, any surplus assets available for distribution will be distributed solely to Shareholders who hold shares of the relevant class *pro rata* based on the number of Shares of that class held by each Shareholder. On a winding up of the Company, any surplus assets of a Class Fund available for distribution will be distributed to Shareholders who hold Shares of the relevant class *pro rata* based on the number of Shares of the relevant class held by each Shareholder. Any assets not attributed to a Class Fund will be returned to the holders of the Founder Shares *pro rata* based on the number of Founder Shares held by each holder of the Founder Shares.

At separate class meetings of each of the Existing Shareholders and the B Shareholders to be held in the third quarter of 2011, Shareholders holding Shares of each class will be invited to consider the future of the Class Fund attributed to the relevant class of Shares and will be given an opportunity to initiate the winding up of the relevant Class Fund by passing a resolution by a simple majority requesting the directors of the Company to wind up the relevant Class Fund. On any such resolution, any Shareholder who votes in favour of the resolution will be entitled to 100 million votes for every Share held. This process is described in more detail in paragraph 5(i)(i) of Part V of this Admission document.

Use of net proceeds of realisations

The net cash proceeds from realisations of assets attributed to the A Class Fund and the B Class Fund, after settlement of and provision for the liabilities of the relevant Class Fund, will be applied exclusively to the redemption and repurchase of the Existing Shares and the B Shares, respectively.

Any cash which is not required for imminent redemption or repurchase of the Shares may be invested in liquid non-equity securities, such as cash funds. The Company will not re-invest proceeds of realisations in equity securities.

Redemption of B Shares

Repurchase and redemption of B Shares

If the B Shares trade at a sufficient discount to the NAV per B Share, the Company intends to apply, on a rolling basis, up to 50 per cent. of the net cash proceeds of realisations attributable to the B Class Fund since the Placing to repurchase and redeem B Shares in the market. Pursuant to the Amended Articles (and as described in paragraph 5(p) of Part V of this Admission document) the Company has the authority to redeem the B Shares. Although there may be occasions when the Board is precluded from making redemptions and repurchases of B Shares because it is in possession of unpublished price sensitive information relating to the Company, in general the Board intends to repurchase and redeem B Shares whenever the B Shares are trading at a sufficient discount to the underlying NAV attributable to the B Shares and the Company has funds available for that purpose. Such repurchases and redemptions will be made at a price agreed between the Company and the redeeming B Shareholder provided that price is less than the NAV per B Share. This will generally have the effect of increasing the NAV attributable to the remaining B Shares and accelerating the return of funds to B Shareholders.

The Existing Shares will be repurchased and redeemed on the same terms as described above in respect of the B Shares.

Pro rata redemptions of B Shares

In June and December each year, commencing in June 2009, the Company intends to apply all available funds attributable to the B Class Fund to effect a redemption of outstanding B Shares at the NAV per B Share as at that date less any costs that may be attributable to such redemption. For this purpose “all available funds” means the entirety of the cash balances received from disposals of assets attributed to the B Class Fund less funds used or required to settle liabilities attributable to the B Class Fund and funds used to pay any dividends on B Shares and to repurchase and redeem B Shares in the market at a discount to NAV per B Share as described in the preceding paragraph.

These redemptions will be effected *pro rata* based on the number of B Shares held by each Shareholder, on the Company giving not less than 14 days' notice.

The Existing Shares are subject to *pro rata* redemptions on the same basis as described above in respect of the B Shares. The first such redemption of Existing Shares occurred in December 2008.

Further information concerning the calculation of the price at which Shares will be redeemed is set out in paragraph 6 of Part V of this Admission document.

Borrowings

The Company does not intend to have any structural borrowings. The Company has obtained a loan facility under which it may borrow up to £1.5 million from PAML, a member of the Investment Manager's Group, which will be utilised, if necessary, to defray the expenses of the Placing and to provide initial working capital in respect of the B Class Fund. The terms of the loan are described in paragraph 13(p) of Part V of this Admission document.

Any expenses or liabilities incurred by the Company as a result of such loan will be attributed solely to the B Class Fund. In the unlikely event that there are insufficient assets in the B Class Fund to meet the Company's obligations under the loan, the loan would become a liability, to the extent of such insufficiency, of the A Class Fund. Based on the Flotation and its experience as to the operation of ADVARC, SAVR, TAVR and AIMVARC, the Investment Manager expects that any amounts due under the loan will be equal to, or less than, the value of the assets attributed to the B Class Fund.

As at the date of this Admission document, the Company has not borrowed any money pursuant to the loan facility entered into with PAML in respect of the Existing Shares.

Fees and expenses

There are initial expenses incurred, including various professional fees, for the structuring and organisation of the Placing and Admission, including stamp duty or stamp duty reserve tax on the acquisition of Qualifying Securities. Further details of these expenses are set out in paragraph 15(h) of Part V of this Admission document. It is expected that these expenses will be between 2.5 per cent. and 3.5 per cent. of the gross value of the Qualifying Securities acquired by the Company as a result of the Placing. The fees and expenses of the Placing, including any fees and expenses incurred in the adoption of the Amended Articles and the designation of the Existing Shares as A Shares, are attributable to the B Class Fund. The Investment Manager has agreed to reimburse the Company for any costs incurred by the Company in the event that the Placing is not completed.

Annual expenses

The Company will have annual expenses related to its management, administration and regulatory obligations. Further details are set out in paragraph 15(i) of Part IV of this Admission document. Where these annual expenses are not attributable solely to either the A Class Fund or the B Class Fund, such annual expenses will be allocated to each of the A Class Fund and the B Class Fund *pro rata* based on the NAVs attributable to the Existing Shares and the B Shares on the preceding Reference Date, except where the Directors determine that it would be inequitable to do so. In such instances the allocation of such annual expenses will be determined by the Directors.

Valuation policy

The UK Administration Agent will calculate, on a weekly basis, the NAV per Existing Share and the NAV per B Share and the Company will make an announcement of each such NAV per Share via a Regulatory Information Service. The valuations will be calculated using the policies set out in paragraph 6(a) of Part V of this Admission document.

Dividend policy

The Board and the Investment Manager will seek to achieve capital growth rather than dividend income. It is unlikely that the Company will pay any significant dividends on either the Existing Shares or the B Shares.

Board of Directors

The Directors, all of whom are independent of the Investment Manager, are:

- Christopher Clark** Aged 66 is non-executive chairman of the Company. He became a partner in the stockbroking firm of Kemp-Gee & Co. in 1975. The firm subsequently merged with Scrimgeour and became Citicorp Scrimgeour Vickers following its acquisition by Citicorp. From 1986 to 1989 Christopher Clark was Head of Research at Citicorp Scrimgeour Vickers. In 1989 he joined Credit Lyonnais Laing, subsequently becoming Head of Research. For many years he was a top rated analyst, first in the Pharmaceutical Sector and subsequently in Quantitative Analysis. Christopher Clark was formerly a founder director and secretary of the Institute for Quantitative Investment Research (INQUIRE) and was a non-executive director of William Ransom & Son plc from 1998 to 2007. He was non-executive chairman of Advance Focus Fund Limited, a listed focus fund managed by a member of the Progressive Group, from 2002 until April 2008. He is a Fellow of the Chartered Institute of Secretaries, a Fellow of the Securities Institute and was an Associate of the UK Society of Investment Professionals. He is currently a non-executive director of Highcroft Investments plc, a listed real estate investment trust, and is a marketing consultant with the Monument Securities Limited and with Lehmann Communications plc.
- Paul Clarke** Aged 62, is a non-executive director of the Company. A chartered accountant, he qualified with Ernst & Young in London before moving to France. After working for an engineering company he joined Mitchell Cotts plc, a listed mini conglomerate, in 1976. He became group chief financial officer in 1986. In 1987 he was appointed finance director of Bellwinch plc, a listed housebuilder. In 1991 he was appointed group finance director of Fuller, Smith & Turner P.L.C. the listed brewer. He retired from the board in April 2008. Mr Clarke is deputy chairman of the Quoted Companies Alliance, which represents the interests of smaller quoted companies.
- Colin Ferbrache**
OBE Aged 59, is a non-executive director of the Company. He is a director of Hamilton Trustees Limited, an administration company in Guernsey which specialises in trust and company structures for international clients. He served for 25 years as an officer in the Royal Navy during which time he held a number of posts including command of the frigate HMS Alacrity. He worked for Coutts Private Bank in Guernsey from 1993 to 1997, advising personal clients on trust and company structures. He was managing director of an aircraft charter and management company from 1997 until joining Hamilton Trustees Limited in 1999.
- Alasdair McLaren** Aged 43, is a non-executive director of the Company. He is a director of Saffery Champness in Guernsey. He commenced his career as a chartered accountant in Aberdeen. After qualifying he worked for two years for KPMG in Guernsey, primarily in respect of funds and fund management companies before joining Havelet Trust Company where he was a manager in both its Guernsey and British Virgin Islands offices. In 1996 he joined Dixcart Trust Corporation, where he was a director and was responsible for a portfolio of clients and for the asset management and fund administration departments. In 2001 he was appointed managing director of Turcan Connell's Guernsey office. In 2006 he joined Saffery Champness in Guernsey. He is a director of a number of private companies. He is a Fellow of the Securities Institute.
- Philip Soulsby** Aged 43, is a non-executive director of the Company. A mathematics graduate, he qualified as a chartered accountant in London with BDO Binder Hamlyn, before transferring to KPMG in Guernsey in 1990. There he spent two years specialising in the audit of financial services companies and offshore mutual funds. In 1992 he joined Credit Suisse Fund Administration Limited in charge of finance and compliance, later moving to a role more involved in structuring and marketing mutual fund services, helping the business grow from 12 staff to over 130. During this time he acted as director to a number of funds and fund managers, and gained a broad knowledge of hedge funds, derivatives and risk control. In 2006, he left Credit Suisse to establish his own business, The Mundi Group, now the largest fair-trade business in the Channel Islands. He is a member of the Securities Institute.

Investment management

The Company's investments are managed by PARL, a company established in 2000. PARL's ultimate parent is PMIB, the holding company for an independent financial services group set up in 1992. PMIB's fund management activities are carried on by the Progressive Group whose subsidiaries include PARL and its parent, PVML. As at 31 December 2008, the Progressive Group managed funds of approximately £327 million. PARL also manages AIMVARC and PVML manages TAVR.

PARL supports the Statement of Principles issued by the Institutional Shareholders' Committee in June 2007, in particular the requirement that institutional shareholders should consistently monitor the performance of investee companies and back this up by direct intervention where appropriate. The Investment Manager is prepared to encourage investor activity by proposing resolutions at general meetings of investee companies in order to change corporate strategy or re-structure company boards if this is considered by it to be necessary in order to enhance the value and liquidity of shares in such investee companies.

PARL is not prohibited under the Investment Management Agreement from providing investment management services to other investment funds or clients with investment objectives and policies which are similar to those of the Company. However, it is the Investment Manager's policy in managing or advising on its clients' portfolios, to do so on a consistent basis, so far as circumstances allow, and to ensure that all clients are treated fairly.

The Company's investment portfolio and assets are managed by Robert Legget and Ross Courtier, the managing director and investment director respectively of PVML, PARL's parent company.

Robert Legget Aged 58, joined PVML in April 2000 from Quayle Munro Holdings PLC, an independent Edinburgh-based investment bank, where he had been a main board director. From 1986 until 1991 he was responsible for Quayle Munro's management of East of Scotland Industrial Investments PLC, an investment company which specialised in making direct unquoted investments. From 1991 he was a corporate finance director of Quayle Munro's merchant banking subsidiary, responsible for certain merger and acquisition and private equity transactions. His responsibilities included the controlled realisation of the investments of a number of venture capital funds for the benefit of the investors in such funds, predominantly institutions. He is a non-executive director of F&C Private Equity Trust plc. He has been involved in the management of ADVARC, SAVR, TAVR, AIMVARC and the Company as well as the management of Lupus Capital plc during a re-organisation of that company.

Ross Courtier Aged 45, joined PVML in 2004. Prior to this he worked for Norwich Union/Morley Fund Management for 19 years, where he was head of UK Activism, being responsible for both a specialist activism fund and traditional UK equity portfolios. He started his career at Norwich Union in 1984 where he managed a wide range of UK equity portfolios including launching the Norwich Union UK Equity Income Unit Trust and the Norwich Union UK Ethical Unit Trust. Norwich Union and CGU merged in May 2000 with the merged asset management businesses trading as Morley Fund Management. He has been involved in the management of SAVR, TAVR, AIMVARC and the Company.

The Investment Manager is entitled to receive the following fees in respect of the Existing Shares:

- (i) a basic fee equivalent to one per cent. per annum of the aggregate value, at 100p, of the Existing Shares placed pursuant to the Flotation for the period up to 30 June 2010, and thereafter one per cent. per annum of the NAV attributable to the Existing Shares as at 30 June 2010;
- (ii) a capital return fee at the rate of one per cent. of Existing Share Capital Returns (up to 100p per Existing Share) made in any calendar month up to and including June 2010; and
- (iii) an equity appreciation fee equal to ten per cent. of any value returned to Existing Shareholders in excess of 100p per Existing Share.

The Investment Manager will be entitled to receive the following fees in respect of the B Shares:

- (i) a basic fee equivalent to one per cent. per annum of the aggregate value, at the Placing Price, of the B Shares placed pursuant to the Placing for the period up to 31 March 2011, and thereafter one per cent. per annum of the NAV attributable to the B Shares as at 31 March 2011;

- (ii) a capital return fee at the rate of one per cent. of B Share Capital Returns (up to 100p per Share) made in any calendar month up to and including March 2011; and
- (iii) an equity appreciation fee equal to ten per cent. of any value returned to B Shareholders in excess of 100p per Share.

The entirety of each equity appreciation fee and 50 per cent. of each of the basic fees and the capital return fees is charged to capital.

The Company has appointed Legis Corporate Services Limited to be its company secretary and administrator in Guernsey, and Capita Registrars (Guernsey) Limited to be its registrar in Guernsey.

Cavendish Administration Limited, a subsidiary of PMIB Limited which provides administration and secretarial services to various investment trusts and other companies, acts as administration agent in the United Kingdom.

The Northern Trust Company acts as the custodian of the Company's securities and assets.

The agreements between the Company and each of the above are summarised in paragraphs 11 and 13 of Part V of this Admission document.

Relationship with TAVR, AIMVARC and the A Class Fund

As described above, the Investment Manager's immediate parent company, PVML is the manager of TAVR, a company launched in December 2005 with a similar objective to that of the Company but focusing primarily on smaller companies on the Official List. The Investment Manager is the manager of AIMVARC, a company launched in December 2006 with a similar objective to that of the Company but focusing primarily on smaller companies on AIM.

As at 31 December 2008, TAVR's portfolio comprised 2 investments and its net assets had an aggregate value of £10.8 million (inclusive of £10.7 million of cash). TAVR intends to propose a resolution at an extraordinary general meeting to be held in the first quarter of 2009 which will give its shareholders the opportunity to initiate the winding up of TAVR. Accordingly, if shareholders instigate a winding up of TAVR at that meeting, there will be a short period during which the Company and TAVR will co-exist.

As at 31 December 2008, AIMVARC's portfolio comprised 26 investments and its net assets had an aggregate value of £5.0 million. AIMVARC intends to propose a resolution at an extraordinary general meeting to be held in the first quarter of 2010 which will give its shareholders the opportunity to initiate the winding up of AIMVARC. Accordingly, if shareholders instigate a winding up of AIMVARC at that meeting, there will be a period of approximately 12 months during which the Company and AIMVARC will co-exist.

The Investment Manager and PVML have developed the following principles to address any conflicts of interest which may arise in the management of TAVR, AIMVARC and the Company during this period. The Investment Manager expects that such conflicts with TAVR, if they arise at all, will be infrequent since TAVR's portfolio comprises only two investments. Following the Placing, none of the three companies will purchase equity securities for cash and therefore no cash investment conflicts can arise. Potential conflicts on disposal are likely to be limited to those instances, if any, where the Company, AIMVARC or TAVR hold securities in the same investee company. In such cases, if the price and disposal timing targets established for each portfolio are identical, any such securities will be disposed of *pro rata* as opportunities arise. If price or disposal timing targets differ for the Company, AIMVARC and TAVR, the Investment Manager will consult with the boards of the Company, AIMVARC and TAVR to ensure fair and equitable treatment.

The assets attributed to the A Class Fund and the B Class Fund may include shares in the same investee companies (being the "common shares"). Where possible, the Investment Manager will seek to deliver benefits to Shareholders by improving exit value through the use of the leverage the Investment Manager is likely to obtain as a result of the larger holding comprising the common shares attributed to both the A Class Fund and the B Class Fund. However, in all cases, opportunities to dispose of common shares will first be allocated to the Class Fund that acquire the common shares first.

Corporate governance

As a Guernsey registered company, the Company is not required to comply with the Combined Code. However, the Directors have decided to apply its principles so far as they are appropriate for a company of this size and complexity. The Company is committed to high standards of corporate

governance and the Board has established a framework which it believes is appropriate for the Company. Under Guernsey Law, there are no specific corporate governance obligations applicable to a Guernsey company such as the Company.

The Company has adopted a code governing Directors' dealings in Shares similar to the Model Code (being the Model Code annexed to Rule 9 of the Listing Rules) and which is appropriate for an AIM Company. The Directors also comply with Rule 21 of the AIM Rules relating to Directors' dealings in Shares.

The Company has established three permanent committees, whose terms of reference are summarised below, to assist in the execution of its responsibilities. Other committees of the Board may be formed from time to time to deal with specific matters.

Reports of the committees' activities will be provided to the Board and minutes will be circulated to all Directors.

Remuneration and Management Engagement Committee

The Remuneration and Management Engagement Committee meets formally on at least an annual basis for the purpose of considering the appointment and remuneration of the Investment Manager and of suppliers of services to the Company, as well as the fees of non-executive directors. Colin Ferbrache is chairman of the Remuneration and Management Engagement Committee. All of the Directors are members of the Remuneration and Management Engagement Committee.

Nominations Committee

The Nominations Committee has been established for the purpose of identifying and putting forward candidates for the office of director of the Company. The Nominations Committee meets as and when required. Philip Soulsby is chairman of the Nominations Committee. All of the Directors are members of the Nominations Committee.

Audit Committee

The Audit Committee meets formally at least twice a year for the purpose of reviewing the internal controls of its main service providers, the appointment and remuneration of the auditors and to review the production of the annual accounts and interim report. Alasdair McLaren is chairman of the Audit Committee. The Audit Committee comprises Alasdair McLaren, Paul Clarke, Colin Ferbrache and Philip Soulsby.

In accordance with Rule 26 of the AIM Rules the Company has established a website from which copies of various statutory and financial documents and announcements are available. The website address is www.brookwelllimited.com.

Investing strategy

As an investing company under the AIM Rules, the Company is required under the guidance to Rule 8 of the AIM Rules, as a minimum, to seek the consent of Shareholders for its investing strategy on an annual basis. Accordingly, the Directors will propose a resolution at each annual general meeting of the Company seeking approval by Shareholders of the Company's investing strategy.

Further information on the Company's investing strategy is described under the headings "Objective", "Establishment of the B Class Fund" and "Management of the B Class Fund" in this Part III.

Financial Information

The audited accounts of the Company will be prepared under International Financial Reporting Standards. The Company was incorporated on 28 May 2008. At the date of this Admission document, the Company has not published any financial statements other than the financial information set out in Part IV. On 5 January 2009 the Company announced that the NAV per Existing Share on 31 December 2008 was 43.03p. This followed the return of £3.6 million to Existing Shareholders.

Following the Flotation the Company commenced its investing activities and begun generating income and incurring operating expenses. As set out in the Company's unaudited management accounts as at 31 December 2008, the Company generated revenue of £184,937 (including £147,990 of dividend income in relation to its investments) in the period from 26 June 2008 to 31 December 2008. During the same period the Company incurred operating expenses of £240,992 (including net management fees of £83,539, Directors' fees of £43,664 and administration fees of £45,017). In addition the Company incurred net management fees charged to capital of £83,539.

The Placing

The application for the B Shares to be admitted to trading on AIM is being made by Deloitte Corporate Finance. The Placing, which is conditional, *inter alia*, on Admission, will be effected by Marshall on behalf of the Company.

The minimum subscription level in the Placing is £50,000. On the basis described in paragraph 15(h) of Part V of this Admission document, it is expected that the aggregate costs of the Placing and Admission, including stamp duty or stamp duty reserve tax on the acquisition of Qualifying Securities, will be between 2.5 per cent. and 3.5 per cent. of the gross value of the Qualifying Securities acquired by the Company pursuant to the Placing. The fees and expenses of the Placing, including any fees and expenses incurred in the adoption of the Amended Articles and the designation of the Existing Shares as A Shares, are attributable to the B Class Fund.

The Initial Placing

It is proposed that the Company acquire Qualifying Securities to a value of up to £75 million (before expenses) in exchange for the issue of B Shares, pursuant to the Placing, at 100p per B Share. The Placing Price will be satisfied entirely by the transfer to the Company of Qualifying Securities save that investors will be obliged to subscribe in cash if they are unable to settle the transfer to the Company of contracted Qualifying Securities. An investor may, at the discretion of the Company, also agree with the Company to subscribe in cash on the basis that the Company will apply such cash to purchase specified Qualifying Securities from such an investor at an agreed price. Qualifying Securities will be acquired at the market bid price as at the close of business on the date of the closing of the Initial Placing (expected to be 6 February 2009), as derived from Bloomberg. In limited circumstances (described in paragraph 3(a) of Part V of this Admission document) Qualifying Securities may be acquired at a lower price. The aggregate value of all Qualifying Securities to be transferred to the Company by each investor will be rounded to the nearest £1.00.

The Initial Placing is expected to close at 5.00 p.m. on 6 February 2009. The Initial Placing, which is not underwritten, is conditional on the Company acquiring Qualifying Securities to the value of at least £10 million as at the date of closing of the Initial Placing.

Taking into account the expenses of the Placing the NAV attributable to the B Shares following the Initial Placing is expected to be between £9.65 million and £73.12 million.

The Supplemental Placing

The Company may, within three weeks of the date of Admission of the B Shares issued pursuant to the Initial Placing, acquire further Qualifying Securities in consideration of a further issue of B Shares provided that the maximum number of B Shares issued pursuant to the Initial Placing and the Supplemental Placing will not exceed 75 million. The Company may acquire any Qualifying Securities in the Supplemental Placing, whether or not the transferor of such securities participated in the Initial Placing and whether or not the Investments to be acquired by the Company in the Supplemental Placing are in companies already included in the Company's portfolio.

If the Supplemental Placing occurs, Qualifying Securities will be acquired on the same basis as under the Initial Placing save that the relevant market bid price will be that at close of business on the date of the closing of the Supplemental Placing (expected to be 27 February 2009). The Supplemental Placing, which will not be underwritten, is conditional on the Initial Placing having been completed. If the Supplemental Placing occurs, it is expected to close at 5.00 p.m. on 27 February 2009.

The results of the Initial Placing are expected to be announced on 19 February 2009 and, if it occurs, the results of the Supplemental Placing are expected to be announced on 12 March 2009. The results of both Placings will be announced via a Regulatory Information Service.

Lock-in arrangements

In accordance with the AIM Rules, the Directors have undertaken to the Company, Marshall and Deloitte Corporate Finance that for a period commencing on the acquisition of any B Shares and ending 12 months after Admission they will not sell or dispose of any interest in B Shares (save in certain limited circumstances provided for by the AIM Rules). No B Shares will be acquired by any of the Directors pursuant to the Placing. The obligations under the lock-in arrangements are set out in further detail in paragraph 13(t) of Part V of this Admission document.

Taxation

Information concerning the taxation of the Company and B Shareholders is contained in paragraph 14 of Part V of this Admission document. The Company will not suffer any Guernsey tax on its income or capital gains and has received confirmation of tax-exempt status in Guernsey. A potential investor should seek advice from his own suitably qualified professional adviser with regard to the taxation consequences of his acquiring, holding or disposing of Shares.

Dealings and CREST*Initial Placing*

Dealings in the B Shares to be issued pursuant to the Initial Placing are expected to commence on 19 February 2009. CREST stock accounts are expected to be credited on 19 February 2009 and definitive share certificates are expected to be posted to shareholders by 26 February 2009.

Supplemental Placing

Dealings in the Shares to be issued pursuant to the Supplemental Placing are expected to commence on 12 March 2009. CREST stock accounts are expected to be credited on 12 March 2009 and definitive share certificates are expected to be posted to shareholders by 19 March 2009.

The ISIN (International Securities Identification Number) of the Existing Shares is GG00B00DDZ42. The ISIN of the B Shares is GG00B3KW2X39.

CREST

The B Shares will, following commencement of dealings, be eligible for electronic settlement through CREST.

Market Makers

Winterflood Securities Limited of The Atrium Building, Cannon Bridge, 25 Dowgate Hill, London EC4R 2GA has agreed to act as market maker in respect of the B Shares.

Risk factors

Potential investors' attention is drawn to the risk factors set out in Part II of this Admission document.

PART IV
FINANCIAL INFORMATION

A: Accountants' Report – Financial information on the Company

The Directors
Brookwell Limited
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

15 January 2009

Dear Sirs

We report on the financial information set out in Section B of Part IV below. This financial information has been prepared for inclusion in the AIM Admission document ("Admission document") dated 15 January 2009 issued by Brookwell Limited (the "Company"), on the basis of the accounting policies set out in note 2 below.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies (the "AIM Rules") and is given for the purpose of complying with that regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules, consenting to its inclusion in the Admission document.

The Directors of Brookwell Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission document dated 15 January 2009, a true and fair view of the state of affairs of Brookwell Limited as at 30 May 2008 and of its results and cash flows for the period then ended in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission document and declare that we have taken all reasonable care to

ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

Grant Thornton UK LLP

Chartered Accountants

B: Financial information for the period from incorporation to 30 May 2008

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 MAY 2008

The Company did not trade during the period from its incorporation to 30 May 2008 and had no income or expenses nor were there any other recognised gains or losses in that period.

BALANCE SHEET AS AT 30 MAY 2008

	<i>Note</i>	<i>30 May 2008 £</i>
Current Assets		
Cash at bank and in hand		2
Net Current Assets		<u>2</u>
Net Assets		<u>2</u>
Capital and Reserves		
Called up share capital	3	2
		<u>2</u>

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 MAY 2008

The Company's cash flows during the period from its incorporation to 30 May 2008 consisted solely of a cash inflow of £2 arising from the issue of shares.

NOTES TO THE FINANCIAL INFORMATION

1. Statutory information

The Company was incorporated with limited liability under the Companies (Guernsey) Law 1994, as amended, on 28 May 2008.

2. Accounting Policies / Basis of Preparation

The financial information has been prepared under historical cost convention, and in accordance with International Financial Reporting Standards.

3. Share Capital

	<i>30 May 2008</i>
	£
Authorised	
100 Founder Shares of £1.00 each	100
100,000,000 participating redeemable preference shares of no par value	—
Allotted, issued and fully paid	
2 Founder Shares of £1.00 each	<u>2</u>

On 28 May 2008, two Founder Shares of £1.00 each were issued, fully paid, to First Ovalap Limited and Second Ovalap Limited as nominees for Progressive AIM Realisation Limited.

4. Post-balance sheet events

Subsequent to the date of this financial information, the Company issued a total of 25,524,743 participating redeemable preference shares at 100p per share raising £25,524,743 of capital pursuant to a placing and AIM admission effective in two tranches, the first on 26 June 2008 and the second on 17 July 2008. The Company has experienced net losses on investments and, after returning £3,600,000 to shareholders through a share redemption on 30 December 2008, the value of the Company's investments has fallen significantly since the Flotation and net assets at 31 December 2008 stood at £7,393,070, equivalent to 43.03p per Existing Share.

PART V

ADDITIONAL INFORMATION

1. INCORPORATION

- (a) The Company was incorporated and registered in Guernsey under Guernsey Law as a limited company on 28 May 2008 with the name Brookwell Limited and with the registered number 48958. The Company is domiciled in Guernsey. The Company has not published any interim or audited accounts since its incorporation. The Company has no subsidiaries or associated undertakings.
- (b) The Company is an Authorised Closed-Ended Investment Scheme pursuant to the Authorised Closed-Ended Investment Scheme Rules, 2008 prescribed pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.
- (c) The Existing Shares are admitted to trading on AIM and the Company is subject to the AIM Rules.
- (d) Changes in the authorised and issued share capital of the Company since its incorporation are summarised in paragraph 2 below. Contracts entered into by the Company since its incorporation are referred to in paragraphs 11, 12 and 13 below.
- (e) The liability of the Company's members is limited to amounts, if any, unpaid on the shares held by them.
- (f) The ISIN of the Existing Shares is GG00B00DDZ42. The ISIN of the B Shares is GG00B3KW2X39.

2. SHARE CAPITAL

- (a) The authorised share capital of the Company on incorporation was 100 Founder Shares of £1.00 each and 100,000,000 Shares of no par value. On adoption of the Amended Articles the authorised number of Shares will be increased to 110,000,000.
- (b) On incorporation two Founder Shares were issued at £1.00 per share to First Ovalap Limited and Second Ovalap Limited as nominees for PARL. On 26 June 2008, 25,226,853 Existing Shares were issued pursuant the Flotation. On 17 July 2008, a further 297,890 Existing Shares were issued pursuant the Flotation.
- (c) Founder Shares are not redeemable and do not carry any rights to a dividend. Details of the voting rights of the Shares and the Founder Shares are set out in paragraphs 5(a)(iv) and 5(b)(iii) below.
- (d) On 30 December 2008 the Company redeemed, by way of a *pro rata* redemption, 8,356,533 Existing Shares at 43.08p per Existing Share.
- (e) The authorised and issued share capital of the Company at present and immediately following the Placing (assuming Shareholder Approval and that the maximum number of B Shares is subscribed for) are, and will be, as follows:

	<i>As at date of Admission document</i>		<i>Following the Placing</i>	
	<i>Authorised</i>	<i>Issued and fully paid</i>	<i>Authorised</i>	<i>Issued and fully paid</i>
<i>Founder Shares</i>				
Number	100	2	100	2
Nominal Value	£100	£2	£100	£2
<i>Existing Shares</i>				
Number	100,000,000*	17,168,210	110,000,000*	17,168,210
<i>B Shares</i>				
Number	100,000,000*	—	110,000,000*	75,000,000

* The authorised share capital of the Company does not distinguish between Existing Shares and B Shares.

The maximum number of B Shares being made available in the Placing should not be taken as being indicative of the number of B Shares which will be allotted.

- (f) Save as referred to in paragraphs 2(a), (c) and (e) above, no share or loan capital of the Company has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commissions (other than as mentioned in paragraph 12

below), discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital and no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

- (g) The B Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.

3. INVESTMENT RESTRICTIONS

- (a) The Company has adopted the following mandatory and discretionary criteria to determine whether securities are Qualifying Securities and these will be applied by the Investment Manager in evaluating the securities offered to the Company in the Placing.

Mandatory criteria

The Company will not accept:

- (i) securities which are not either admitted to trading on AIM or admitted to the Official List;
- (ii) securities in companies which have a 50 per cent. controlling shareholder as defined below;
- (iii) warrants, preference shares or debt securities, except where such preference shares or debt securities are convertible into Qualifying Securities (and in such circumstances, the Company may, but will not be obliged, to accept such preference shares or debt securities);
- (iv) securities of companies in which any of the directors of the Company or of companies in the Investment Manager's Group is a director or has an interest (as defined in Schedule 1 of the UK Companies Act) in any class of securities of one per cent. or more;
- (v) securities the acquisition of which would or might oblige the Company to make a general offer under Rule 9 of the City Code or would or might cause the Company to be in breach of the City Code or the AIM Rules; or
- (vi) securities in companies whose assets are managed, wholly or in part, by the Investment Manager or any member of the Investment Manager's Group.

For the purposes of the criterion specified in paragraph (ii) above, a 50 per cent. controlling shareholder of a company is any person or persons (including Associates) acting jointly or by agreement (whether formal or otherwise) who is:

- (a) entitled to exercise, or to control the exercise of, 50 per cent. or more of the rights to vote at general meetings of the company; or
- (b) able to control the appointment of directors who are able to exercise a majority of votes at board meetings of the company.

Associates (as defined in the Listing Rules) will be presumed to be acting jointly or by agreement.

Discretionary criteria

The Company will only accept securities within the following categories if, having taken advice from the Investment Manager, the Company so agrees:

- (i) securities in companies which have a 30 per cent. controlling shareholder as defined below;
- (ii) securities which are suspended from trading;
- (iii) securities of companies whose auditors' report on the latest published audited accounts contains a qualification or refers to a fundamental uncertainty;
- (iv) securities of companies which are known or believed to be the subject of existing, pending or threatened criminal, tax, customs, excise, competition or other regulatory investigation;
- (v) securities of companies which, in the opinion of the Investment Manager, do not have an established and sustainable business;
- (vi) securities of split capital investment trusts or venture capital trusts;

- (vii) securities of companies in respect of which, in the Investment Manager's opinion, a disproportionate expenditure of time and/or money would be required for the Investment Manager to gain a proper understanding of the business or investments or the ownership structure (for instance owing to features of the company concerned or of the industry or sector in which it operates);
- (viii) securities of companies incorporated outside the United Kingdom or whose investments or operations are predominantly outside the United Kingdom;
- (ix) securities which would result in the B Class Fund being significantly unbalanced;
- (x) securities the price of which is, or has been, in the view of the Investment Manager abnormally volatile or where the Investment Manager believes that the market bid price is substantially higher than the price at which such securities could realistically be realised in the context of the achievement by the B Class Fund of the Company's objective; or
- (xi) securities in companies which the Investment Manager believes may require the raising of funds for working capital within the next 18 months.

For the purposes of the discretionary criterion specified in paragraph (i) above, a 30 per cent. controlling shareholder of a company is any person or persons (including Associates) acting jointly or by agreement (whether formal or otherwise) who is entitled to exercise, or to control the exercise of, 30 per cent. or more of the rights to vote at general meetings.

Associates (as defined in the Listing Rules) will be presumed to be acting jointly or by agreement.

Where the Company has rejected a security under the discretionary criteria specified in paragraph (x) above and the potential transferor of such security proposes a lower price which satisfies the Investment Manager's concerns the Company may, on the advice of the Investment Manager, accept such security at such lower price.

- (b) The Directors have resolved that the Company adopt the following investment restrictions:
 - (i) the Company will not invest in securities carrying unlimited liability or deal short in securities or, to a significant extent, be a dealer in investments;
 - (ii) the Company will not exercise legal or management control of Investments or control or seek to control, or be actively involved in the management of, Investments;
 - (iii) the Company will not buy or sell commodities or commodity contracts or real estate or interests in real estate, although it may purchase and sell securities which are secured by real estate or commodities and securities in companies which invest in or deal in real estate or commodities;
 - (iv) dividends will not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the Company;
 - (v) the Company's distributable income will be derived from investments and neither the Company nor any subsidiary company from time to time will conduct a trading activity which is significant in the context of the group as a whole;
 - (vi) the Company will not distribute as dividend surpluses arising from the realisation of investments;
 - (vii) the Company will not invest in the securities of any one company an amount that is more than 15 per cent. of the assets attributed to the B Class Fund (before deducting borrowed money, if any) including loans to or shares in any subsidiary of the Company at the time the investment or loan is made; and
 - (viii) not more than 10 per cent., in aggregate, of the value of the total assets attributed to the B Class Fund at the time of Admission will be invested in listed investment companies or listed investment trusts unless they have a stated investment policy to invest no more than 15 per cent. of their total assets in other listed investment companies or listed investment trusts.

In the event of any material breach of the above investment restrictions, the Investment Manager will agree with the Board an appropriate course of action to remedy such breach and such course of action will be announced through a Regulatory Information Service.

- (c) None of the investment restrictions specified in paragraph 3(b)(vii) and (viii) above will require the realisation of any assets of the Company where any investment restriction is breached as a result of an event beyond the control of the Company which occurs after the Investment is acquired, but no further relevant assets of the kind giving rise to the breach may be acquired by the Company until it can again comply with the relevant restriction.

4. CERTAIN MATERIAL DIFFERENCES BETWEEN GUERNSEY AND ENGLISH CORPORATE LAW

References to the UK Companies Act and the UK Companies Act 1985 are references to the provisions of such legislation in force as at the date of this Admission document.

(a) *Authority to issue shares*

Under Guernsey Law, the directors of a company (subject to having the power under the company's articles of association) are generally and unconditionally authorised to allot and issue the shares of the company without needing authority to do so from shareholders as would be the case in respect of the issue of relevant securities under the provisions contained in the UK Companies Act 1985. For this reason, the Amended Articles prohibit the directors of the Company from issuing further Shares without the authority of a meeting of Shareholders. The directors of the Company may establish additional Class Funds in respect of new classes of Shares without the need to get the approval of existing Shareholders.

(b) *Pre-emption rights*

Under Guernsey Law there are no statutory rights of pre-emption equivalent to those contained in section 89 of the UK Companies Act 1985. For this reason, the Amended Articles contain certain contractual pre-emption rights as described in paragraph 5(f)(v) below.

(c) *Valuation reports for certain issues of shares for non-cash consideration*

Under Guernsey Law there is no requirement for an independent valuation report to be obtained in respect of the allotment of shares for non-cash consideration, although there is a requirement for the board of directors of a company, in certain circumstances, to issue a certificate providing, *inter alia*, that the present cash value of the non-cash consideration is not less than the amount to be credited in respect of the allotted shares. The UK Companies Act 1985, save for certain circumstances, requires such an independent valuation report.

No equivalent requirement for a valuation report is contained in the Amended Articles.

(d) *Notice period for shareholders' meetings*

Under Guernsey Law, shareholders' meetings can be convened on 10 days' notice. The UK Companies Act requires an annual shareholders' meeting to be convened on at least 21 days' notice in writing and other shareholders' meetings to be convened on at least 14 days' notice in writing. Notices convening the general meeting in each year at which the audited financial statements of the Company will be considered will be sent not less than 20 Business Days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Board by sending notices at least 10 clear days prior to the meeting.

(e) *Disclosure of interests*

Section 793 of the UK Companies Act provides that a public company may by notice in writing require a person whom the company knows or has reasonable cause to believe to be, or to have been at any time during the three years immediately preceding the date on which the notice is issued, interested in the company's shares to confirm that fact or (as the case may be) to indicate whether or not that is the case, and where he holds or has during the relevant time held an interest in such shares, to give such further information as may be required relating to his interest and any other interest in the shares of which he is aware. There are provisions under Guernsey Law empowering a company to require disclosure. A provision reflecting the power under the UK Companies Act to compel disclosure remains in the Amended Articles, as described in paragraph 5(m) below.

(f) *Loans to directors*

The restrictions under Guernsey Law relating to loans to directors are different to those contained in section 197 of the UK Companies Act in relation to loans to directors. For this reason a provision mirroring the position under the UK Companies Act is included in the Amended Articles as described in paragraph 5(k)(vii) below.

(g) *Notification of share interests*

The provisions in Guernsey Law requiring the disclosure of substantial share interests or directors' interests in a company are not as extensive as those applicable under the AIM Rules. Under Part 6 of FSMA (as amended by the UK Companies Act) and chapter 5 of the FSA's Disclosure and Transparency Rules notification requirements are imposed on persons who control the exercise of voting rights in three per cent. or more of a company's relevant share capital and on directors in respect of their share interests. The Amended Articles contain notification requirements (see paragraph 5(n) below) and under the terms of their appointment letters the Directors are obliged to notify the Company of their interests and the interests of their related persons, as described in paragraph 7(a) below.

(h) *Payment of dividends out of capital*

Guernsey law provides that a company may pay dividends to its shareholders out of the capital of the company. Dividends and other distributions may be declared subject to a statutory solvency test.

This is not the position under the UK Companies Act.

5. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum of Association of the Company provides that the Company's principal object is to undertake and carry on the business of an investment company. The objects of the Company are set out in full in Clause 5 of the Memorandum of Association which is available for inspection at the address, and during the period, set out in paragraph 16 below.

The Amended Articles contain, *inter alia*, provisions to the following effect:

(a) *Founder Shares*

- (i) Founder Shares will be issued only at par value to the Investment Manager or to a person to be held by that person as bare nominee of the Investment Manager.
- (ii) The Founder Shares will not be entitled to participate in, and the holders of Founder Shares will not be entitled to participate in or receive, any dividends or other distributions available for distribution or dividend and resolved to be distributed in respect of any accounting period or any other income or right to participate therein.
- (iii) The Founder Shares will participate in, and the holders of the Founder Shares will be entitled to participate in and receive, the distributions of capital on winding up in the manner described in paragraph 5(i)(ii) below.
- (iv) The holder of the Founder Shares will be entitled to receive notice of and to attend and, until Shares have been issued, vote at general meetings of the Company.
- (v) The Founder Shares are not redeemable.

(b) *Shares*

- (i) Shares will be designated and issued by reference to a Class Fund (subject to the Amended Articles) at such times and on such terms and conditions as may from time to time be determined by the directors.
- (ii) The Shares will be entitled to participate in, and the holders of Shares will be entitled to participate in and receive, any dividends or other distributions out of assets attributed to the relevant Class Fund available for distribution or dividend and resolved to be distributed in respect of any accounting period or any other income or rights to participate therein.
- (iii) The Shares will be entitled to participate in, and the Shareholders will be entitled to participate in and receive, the distributions of capital out of the assets distributed to the Class Fund on winding up described in paragraph 5(i)(ii) below.

- (iv) Shareholders will be entitled to receive notice of and to attend and vote at general meetings of the Company.
- (v) The redemption of Shares is as described in paragraph 5(p) below.

(c) *Class Funds*

- (i) The directors will attribute in the books of the Company assets and liabilities of the Company (other than the amounts paid up on the Founder Shares) to each Class Fund established and the directors will maintain all the assets, income, earnings, liabilities, expenses and costs attributed to each such Class Fund separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company in accordance with the following provisions:
 - (aa) any consideration received on, or proceeds from, the allotment and issue of Shares of each class will be applied in the books of the Company to the Class Fund established for that class, and the assets and liabilities and income and expenditure deriving or arising thereon will be applied only to that Class Fund subject to the following sub paragraphs;
 - (bb) where any asset is derived from any other asset or assets (whether cash or otherwise) such derivative asset will be applied in the books of the Company to the same Class Fund as the asset or assets from which it was derived and on each revaluation of an asset attributed to a particular Class Fund, any increase or diminution in its value will be applied to that Class Fund;
 - (cc) in the case of any asset of the Company (not being attributable to the Founder Shares) which the directors do not consider is attributable to any particular Class Fund or Class Funds, the directors have discretion to determine the basis upon which any such asset will be allocated between Class Funds and the directors have power at any time and from time to time to vary such basis;
 - (dd) where, in the directors' opinion, a liability of the Company (not arising on or deriving from the Founder Shares) does not relate to any particular Class Fund or Class Funds, the directors have discretion to determine the basis upon which that liability will be allocated between Class Funds (including conditions as to subsequent re-allocation thereof) and have power at any time and from time to time to vary such basis;
 - (ee) the directors may in the books of the Company transfer any assets to or from one or more Class Funds if, as a result of a creditor proceeding against certain assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under the above provisions;
 - (ff) if the liabilities accrued due relating to any Class Fund cannot be met out of the assets attributed to such Class Fund, the directors may have recourse to the other assets of the Company and in so doing take from Class Funds proportionately according to the net asset values attributable to each Class Fund on such date or dates as determined at the discretion of the directors; and
 - (gg) save as otherwise provided in the Amended Articles, the assets held for each Class Fund will be applied solely in respect of the Shares of the class to which that Class Fund is attributable.
- (ii) Notwithstanding the requirement that Shares to be issued and designated by reference to a Class Fund and the provisions described in paragraph 5(d) below that require the directors, prior to the creation of a new Class Fund and the issue of Shares of a class by reference to that Class Fund, to adopt Class Fund Rules to be maintained in respect of the class to be issued, the Shares in issue at the date of adoption of the Amended Articles will be designated as "A Shares" and a Class Fund will be established in respect of the A Shares and there will be attributed to that Class Fund all of the assets and liabilities of the Company as at the date of the adoption of the Amended Articles other than (a) assets equal in value to the aggregate of any amounts paid up on the Founders Shares and (b) any liabilities of the Company considered by the directors to be incurred in the adoption of the Amended Articles, the designation of the Shares in issue at the date of the adoption

of the Amended Articles as A Shares, the Placing and the Admission, and there will be Class Fund Rules adopted in respect of that Class Fund in the form adopted pursuant to the Resolution.

(d) *Class Fund Rules*

- (i) Except as otherwise provided in the Amended Articles, the directors will, prior to the creation of a new Class Fund and the issue of Shares of a class by reference to that Class Fund, adopt Class Fund Rules to be maintained in respect of the Class Fund that the Shares proposed by the directors to be issued are issued by reference to. Such Class Fund Rules may be set out in this Admission document and may contain such provisions as the directors consider appropriate but will not override the provisions of the Amended Articles and will, where applicable, specify in relation to the relevant Class Fund and Shares of the class to be issued in respect thereof the following matters to the extent that they are to comprise the Class Fund Rules:
 - (aa) the currency in which Shares issued by reference to such Class Fund will be denominated and in which the Class Fund will be valued;
 - (bb) the initial subscription period in respect of such class;
 - (cc) details of the terms and conditions, if any, applicable to, and procedures to be observed in connection with, the allotment and issue of Shares, including provisions as to whether or not share certificates shall be issued, the periods for settlement or monies or assets payable or transferable to or from the Class Fund upon allotment of Shares and any charges which may be levied on a member;
 - (dd) any prohibition or condition in addition to those contained in the Amended Articles applicable to the transfer of Shares of the relevant class;
 - (ee) the investment policies and powers, and limitations on investment of the assets attributed to the Class Fund;
 - (ff) any limits on borrowing in addition to those contained in the Amended Articles attributable to the Class Fund and any other conditions to be applied in connection therewith;
 - (gg) the distribution policy and details as to the manner of, and matters relating to the making of, distributions out of the assets attributed to the Class Fund;
 - (hh) the method of calculation of the price or prices by reference to the net asset value or otherwise, at which Shares of the relevant class may be allotted or redeemed by the Company or sold and purchased;
 - (ii) details of any further designation by way of class and/or series of Shares within the relevant class;
 - (jj) the identity of any administrator, custodian, investment manager, investment adviser or prime broker engaged or to be engaged in respect of the Class Fund and a statement as to whether such arrangements, may be amended at the discretion of the Board or only pursuant to a resolution passed by members holding Shares designated by reference to the relevant Class Fund; and
 - (kk) such other matters as the directors may deem appropriate.
- (ii) Once Class Fund Rules have been adopted for a class then:
 - (aa) subject to the provisions of the Amended Articles, they will be binding on members as if such Class Fund Rules were set out in full in the Amended Articles;
 - (bb) such Class Fund Rules may be varied or rescinded with the sanction of an ordinary resolution of the holders of Shares, if any, of the relevant class;
 - (cc) notwithstanding sub-paragraph (bb), such Class Fund Rules may be varied or rescinded without requiring the sanction of the holders of Shares of the relevant class, if such variation or rescission is to correct a manifest error or is necessary to enable the Company to comply with fiscal or other statutory requirements or applicable regulatory rules or regulations, in each case, actual or proposed, or if the Board certifies that such variation or rescission does not materially prejudice the interests of

the holders, if any, for the time being, of the Shares of the relevant class or any of them and does not operate to a material extent to release any person from any responsibility to any such holders; and

- (dd) for the avoidance of doubt, changes to the identity or terms of engagement of any administrator, custodian, investment manager, investment adviser, prime broker or other service provider to a Class Fund will be deemed not to be a change to the Class Fund Rules unless the Class Fund Rules specify to the contrary.
- (iii) In the event that any proposed variation or rescission of the Class Fund Rules of a particular class may materially adversely affect another class or classes, then, in addition to the approval (if any) required under paragraph 5(d)(ii) then any such change to the Class Fund Rules will be subject to the prior approval by ordinary resolution of the holders of Shares issued by reference to the other class or classes so affected.

(e) *Voting rights*

- (i) Subject to any special terms as to voting upon which any shares may be issued (including as set out in paragraphs 5(a)(iv) and 5(b)(iii) above) and to any other provisions of the Amended Articles (including as set out in paragraph 5(g)(i) below), every member present in person at a general meeting will have one vote on a show of hands and, on a poll, every member present in person or by proxy will have one vote, for every share of which he is the registered holder.
- (ii) No member will, unless the Board decides otherwise, be entitled to vote either in person or by proxy at any general meeting of the Company (or any separate meeting of the holders of any class of shares of the Company) in respect of any share if any call or other sum presently payable by him in respect of that share remains unpaid. In addition a member will not be entitled to vote in the circumstances set out in paragraphs 5(m) and 5(n) below.

(f) *Variation of rights and changes to capital*

- (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class. To any separate general meeting of a class the provisions of the Amended Articles relating to general meetings will apply, except the quorum for a variation of class rights meeting is:
 - (aa) for a meeting other than an adjourned meeting, two (2) persons present in person or by proxy holding at least one third of the issued shares carrying the right to vote of the class in question;
 - (bb) for an adjourned meeting, one (1) person present in person or by proxy holding issued shares carrying the right to vote of the class in question; or
 - (cc) where the class has only one member, that member.
- (ii) Any alteration of a provision contained in the Amended Articles for the variation of rights attached to a class of shares, or the insertion of any such provision into the Amended Articles, is itself to be treated as a variation of those rights.
- (iii) The rights attached to any class of shares having preferential or other rights will (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:
 - (aa) the creation, allotment or issue of further shares ranking *pari passu* therewith;
 - (bb) the creation, allotment or issue of Founders Shares;
 - (cc) the creation, allotment, issue or redemption of Shares of any class;
 - (dd) payment of a dividend on the Shares of any other class where the dividend is paid out of the Class Fund attributable to that other class;
 - (ee) the exercise by the directors of their discretions with respect to the adoption of Class Fund Rules and the attribution of assets, profits and liabilities or the transfer of assets between Class Funds;

- (ff) if the Company or a Class Fund is wound up, the exercise by the liquidator of his powers; or
 - (gg) the Company permitting, in accordance with the CREST Guernsey Requirements, the holding of and transfer of title to shares of that or any other class in uncertificated form by means of a relevant system.
 - (iv) The Company may, at the discretion of the Board, purchase any of its own shares, whether or not they are redeemable, and may pay the repurchase price in respect of such purchase to the fullest extent permitted by Guernsey Law.
 - (v) The directors are prohibited from issuing further Shares in a Class Fund without the authority of an ordinary resolution of Shareholders of that class.
 - (vi) Unless otherwise determined by the Company by special resolution, before any equity securities of a particular class are allotted for cash they must be offered to existing holders of equity securities of that class in proportion, as nearly as is practicable, to the equity securities of that class held by them. Any offer must be in writing and open for acceptance for at least 14 days.
- (g) *Dividends and other distributions*
- (i) Subject to any special terms as to dividend upon which any shares may be issued (including as set out in paragraphs 5(a)(ii) and 5(b)(i)) and to the provisions of Guernsey Law, the holders of Shares of any class may by ordinary resolution from time to time declare dividends in respect of the Shares of that class out of the Class Fund attributable to such class not exceeding the amount recommended by the Board. Subject also to the provisions of Guernsey Law, the Board may pay such interim dividends in respect of Shares of any class out of the Class Fund attributable to such class, and also any fixed rate dividend, as appear to the Board to be justified by the financial position of such Class Fund. Except as otherwise provided by the rights attached to shares, all dividends will be declared and paid in respect of each Class Fund according to the number of Shares in the Class Fund in respect of which the dividend is paid.
 - (ii) The Company may direct that no dividend, amount payable on redemption or other money payable in respect of the shares will be paid by the Company in the circumstances set out in paragraphs 5(m) and 5(n) below.
 - (iii) Any dividend unclaimed after a period of 12 years from the date when it becomes due for payment or, if earlier, up to the date of any resolution or order to wind up the Company will, if the Board so resolves, be forfeited and will revert to the Company.

(h) *Transfer of shares*

The Shares will be in registered form and may be transferred by instrument in writing in any usual form, or in any other form which the Board may approve.

The Amended Articles provide that the directors may implement such arrangements as they think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system. If the directors implement any such arrangements, no provision of the Amended Articles will apply or have effect to the extent that it is in any respect inconsistent with:

- (i) the holding of shares of that class in Uncertificated form;
- (ii) the transfer of title to shares of that class by means of the CREST UK system; or
- (iii) the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST UK system, such securities may be issued in Uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the directors otherwise determine, such securities held by the same holder or joint holder in both Certificated form and Uncertificated form will be treated as separate holdings. Such securities may be changed from Uncertificated to Certificated form and from Certificated to Uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Title to such of the shares as are recorded on the register as being held in Uncertificated form may be transferred only by means of the CREST UK system. Every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member will vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the

contrary however and whenever arising and however expressed. The instrument of transfer of a Certificated share must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee.

The Board may in its absolute discretion, and without specifying any reason, refuse to register the transfer of any share which is not fully paid, except where to do so would prevent dealings in shares in the Company taking place on an open and proper basis. The Board may also refuse to register any transfer of Certificated shares unless the instrument of transfer is duly stamped (if stampable) and lodged with the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the intending transferor to make such transfer. The Board may also decline to register any transfer of Certificated Shares if the instrument of transfer is in respect of more than one class of share or, in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred exceeds four.

Non-qualified persons/compulsory transfers

If it comes to the notice of the Board that, without the consent of the Board, a registered holder or beneficial owner of any share is a non-qualified person (as defined below), the Board may at any time serve a notice on such non-qualified person requiring the transfer of the relevant interest in the relevant shares to a person who is not a non-qualified person. If a stock transfer form so transferring the shares and any relevant share certificate(s) have not been received at the registered office of the Company within 28 days of service of the notice, or the person to whom such notice is addressed does not within such period satisfy the Board that the requirements of the notice have been satisfied, the Company may sell the relevant shares on behalf of the holder of the shares by instructing a stockbroker to sell them in accordance with the best practice then applicable to a person who is not a non-qualified person.

To give effect to any sale of shares pursuant to the preceding paragraph the Board may authorise some person to transfer the shares in question and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or person entitled by transmission to, the shares. The purchaser will neither be bound to see to the application of the purchase moneys nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of sale will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the shares for an amount equal to the net proceeds of transfer. No trust will be created in respect of the debt, and no interest will be payable in respect of it, and the Company will not be required to account for any moneys earned from the net proceeds of transfer. The Company may employ such moneys in its business or as it thinks fit.

The Board may, at any time, require the registered holder of any shares to provide evidence that the beneficial owner of those shares is not a non-qualified person and that such shares have not been acquired for the account, or for the benefit, of any non-qualified person or with a view to offering or selling the shares to a non-qualified person or in any jurisdiction in which an offer or sale of shares would not be permitted in the manner contemplated.

For the purposes of the preceding three paragraphs a non-qualified person is any person:

- (i) whose holding of shares might in the opinion of the Board cause the assets of the Company to be deemed “plan assets” for the purposes of the US Employee Retirement Income Security Act of 1974, as amended;
- (ii) to whom a transfer of shares or whose holding of shares might in the opinion of the Board require registration of the Company as an investment company under the US Investment Company Act of 1940, as amended; or
- (iii) to whom a transfer of shares or whose holding of shares might in the opinion of the Board not be permitted under the US Securities Act of 1933 or any applicable securities laws unless registration requirements were satisfied.

(i) Duration and winding up

- (i) At separate class meetings of the holders of Shares of each class to be held in the third quarter of 2011 (and, if applicable, on the date of any annual general meeting of the Company convened by the Board and held after the end of that quarter) the Board will propose an ordinary resolution that the directors be requested to commence the winding-up of the Class Fund attributable to the class. On any such ordinary resolution any

member present in person or by proxy will be entitled to demand a poll and, on a poll, any member will be entitled to 100 million votes for each Share registered in his name which he votes in favour of the resolution (and only one vote for each Share which he votes against the resolution). Where such resolution is passed, Shares of the relevant class will be redeemed at such date as specified by the directors after the passing of the resolution.

- (ii) The assets available for distribution among the members upon the winding-up of the Company will be applied as follows:
 - (aa) assets of each Class Fund will be applied *pro rata* to the number of Shares to which that Class Fund is attributable held by each member or as otherwise provided in the relevant Class Fund Rules; and
 - (bb) assets not within a Class Fund will be applied by distribution among the holders of Founder Shares *pro rata* to their respective holdings.
- (iii) If the Company is wound up the liquidator may, with the authority of a special resolution of holders of Shares of any particular class, divide among the holders *in specie* the whole or any part of the assets of the Class Fund attributable to that class.

(j) *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board must restrict the borrowings of any Class Fund and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate principal amount from time to time outstanding of all borrowings by the Class Fund and its subsidiary undertakings attributable to such Class Fund (exclusive of intra-group borrowings) does not at any time, without the previous sanction of an ordinary resolution of the Shareholders of the Class Fund, exceed an amount equal to one quarter of the most recently calculated NAV attributed to such Class Fund.

(k) *Directors*

(i) *Appointment of directors*

Unless otherwise determined by an ordinary resolution of Shareholders, the number of directors will not be less than two. A majority of the directors must not be resident in the United Kingdom. Directors may be appointed by the Company by ordinary resolution or by the Board.

(ii) *Remuneration of directors*

Each of the directors will be paid a fee for his services at such rate as may be determined by the Board provided that the total fees paid to the directors (excluding amounts payable under other provisions of the Amended Articles) may not exceed in aggregate £150,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Each director will also be paid his reasonable travelling, hotel and other expenses properly incurred in connection with attending and returning from the meetings of the Board or of committees of the Board, general meetings of the Company or separate meetings of the holders of any class of shares or of debentures or any other meeting which as a director he is entitled to attend, and will be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in connection with the discharge of his duties as a director.

Any director who at the request of the Board performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a director may be paid such extra remuneration as the Board or any committee authorised by the Board may determine in addition to any other remuneration from the Company (notwithstanding that such extra remuneration may result in the aggregate amount referred to in the previous paragraph exceeding £150,000 per annum).

(iii) *Retirement of directors*

At the first annual general meeting of the Company, all the directors will retire from office and be eligible for re-election. At every subsequent annual general meeting, the number nearest to one third of the directors will retire by rotation and be eligible for re-election. The directors to retire will first be those who wish to retire and not be reappointed to office and secondly will be those who have been longest in office (in the case of those who were appointed or reappointed on the same day, the director(s) to retire will, unless they otherwise agree, be determined by lot). If any director has at the start of an annual general meeting been in office for more than three years since his last appointment or reappointment, he will retire and be eligible for re-election at that meeting.

No person other than a director retiring by rotation will be appointed a director at any general meeting unless (i) he is recommended by the Board, or (ii) not less than seven nor more than 35 days before the date appointed for the meeting, notice executed by a member qualified to vote at that meeting (not being the person to be proposed) has been given to the Company of the intention to propose that person for appointment.

(iv) *Disqualification and removal of directors*

The office of a director will be vacated if:

- (aa) he becomes bankrupt or makes any arrangement or composition with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement or anything analogous to the events in this sub-paragraph occurs in another relevant jurisdiction;
- (bb) he is, or may be, suffering from a mental disorder and an order is made by a court having jurisdiction (whether in the Channel Islands or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (cc) he resigns his office by notice delivered to the office or tendered at a meeting of the Board or, having been appointed for a fixed term, the term expires or his office as a director is vacated;
- (dd) he becomes resident in the United Kingdom and, as a result thereof, a majority of the directors are resident in the United Kingdom;
- (ee) he has been absent for more than six consecutive months without permission of the Board from meetings of the Board held during that period, his alternate director (if any) appointed by him has not attended in his place during that period and the Board resolves that his office be vacated;
- (ff) he is requested to resign in writing by not less than three quarters of the other directors; or
- (gg) he ceases to be eligible to be a director under applicable provisions of the Guernsey Law.

(v) *Directors' interests and restrictions on voting*

A director is required, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board in accordance with Guernsey Law:

- (aa) if the monetary value of the director's interest is quantifiable, the nature and monetary value of that interest; or
- (bb) if the monetary value of the director's interest is not quantifiable, the nature and extent of that interest.

This requirement does not apply if:

- (aa) the transaction or proposed transaction is between the director and the Company; and
- (bb) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

The requirement described above does not apply in relation to:

- (aa) remuneration or other benefit given to a director;
- (bb) insurance purchased or maintained for a director in accordance with Guernsey Law; or
- (cc) qualifying third party indemnity provision provided for a director in accordance with Guernsey Law.

A director who is interested in a transaction entered into, or to be entered into, by the Company, may not:

- (aa) vote on a matter relating to the transaction; or
- (bb) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purpose of a quorum.

A director is interested in a transaction to which the Company is a party if the director:

- (aa) is a party to, or may derive a material benefit from, the transaction;
- (bb) has a material financial interest in another party to the transaction;
- (cc) is a director, officer, employee or member of another party to the transaction (other than a party which is an associated company) who may derive a material financial benefit from the transaction;
- (dd) is the parent, child or spouse of another party to the transaction who may derive a material financial benefit from the transaction; or
- (ee) is otherwise directly or indirectly materially interested in the transaction,

provided that a director is not interested in a transaction to which the Company is a party if the transaction comprises only the giving by the Company of security to a third party which has no connection with the director, at the request of the third party, in respect of a debt or obligation of the Company for which the director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity or security.

A director will not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment to any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each director, and in that case each of the directors concerned will be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment, or the settlement or variation of the terms or the termination of his own appointment, or the appointment of another director to an office or place of profit with a company in which the Company is interested and the director seeking to vote or to be counted in the quorum owns one per cent. or more of that company.

A director will not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any contract in which to his knowledge his interest (taken together with any interest of any person connected with him) is material and, if he does so, his vote will not be counted, but this prohibition will not apply to any resolution where that interest arises only from one or more of the following matters:

- (aa) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (cc) where the Company or any of its subsidiaries is offering securities in which offer the director is or may be entitled to participate or in the underwriting or sub underwriting of which the director is to participate;
- (dd) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, if he and any persons connected with him do not to his knowledge hold an interest (as determined by reference to Schedule 1 of the UK Act 2006) representing one per cent. or more of either any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;
- (ee) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates;
- (ff) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any directors of the Company or for persons who include directors of the Company; and
- (gg) any correlative or consequential decision resulting from a decision of the director made *bona fide* in his capacity as a director of another body corporate.

(vi) *Indemnity of officers*

Subject to the provisions of Guernsey Law, the directors, secretary and officers for the time being of the Company and their respective heirs and executors will be fully indemnified, and it will be the duty of the directors to pay, out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they will incur by or through their own negligence, default, breach of duty or breach of trust and none of them will be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company is placed out or invested or for any loss, misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except where the same happens by or through their own negligence, default, breach of duty or breach of trust.

The Company will, if requested by one or more directors and approved by the Board, use its best endeavours to maintain appropriate directors' and officers' liability insurance (including ensuring that premiums are properly paid) for the benefit of that or those directors during their appointment and after their appointment in respect of any matter occurring or alleged to have occurred while they are or were a director.

(vii) *Restrictions on loans to directors*

Subject to the same exceptions as those set out in sections 204 to 209 of the UK Companies Act, the Company will not:

- (aa) make a loan, or quasi-loan, to a director of the Company or of its holding company;
- (bb) make a quasi-loan to a person connected with a director;
- (cc) enter into any guarantee or provide any security in connection with a loan, or quasi-loan, to such a director or a person so connected;
- (dd) enter into a credit transaction as creditor for a director of the Company or of its holding company; or
- (ee) enter into any guarantee or provide any security in connection with a credit transaction made by any other person for such a director or a person so connected.

The Company will not arrange for the assignment to it, or the assumption by it, of any rights, obligations or liabilities under a transaction which, if it had been entered into by the Company, would have contravened any of the restrictions set out in (aa) – (ee) above.

The Company will not take part in any arrangement whereby:

- (aa) another person enters into a transaction which, if it had been entered into by the Company, would have contravened any of the restrictions set out in (aa) – (ee) above; and
- (bb) that other person, in pursuance of the arrangement, has obtained or is to obtain any benefit from the Company or its holding company or a subsidiary of the Company or its holding company.

(l) *Untraced shareholders*

The Company, after advertising its intention and waiting for three months, may sell any shares in the Company if the shares have been in issue for at least 12 years (or, if earlier, the period ending on the date of any resolution or order for the winding up of the Company) and during that period at least three cash dividends have become payable on them and no such cash dividends have been claimed or satisfied and, so far as any director is aware, the Company has received no indication during the relevant period either of the whereabouts or of the existence of the holder of the shares or any person entitled to them by transmission. Upon any such sale, the Company will become indebted to the former holder of the shares, or the person entitled to them by transmission, for an amount equal to the net proceeds of the sale.

(m) *Disclosure of interests in shares*

The Company may, by notice in writing, require a person whom the Company knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's relevant share capital to confirm that fact or (as the case may be) to indicate whether or not that is the case and, where he holds or has during the relevant time held, an interest in such shares, to give such further information as may be required relating to his interest and any other interest in the shares of which he is aware.

If a member, or any other person appearing to be interested in shares held by that member has been issued with a notice by the Company and has failed in relation to any shares (the "default shares") to give the Company the information thereby required within 14 days from the date of the notice the following sanctions may apply:

- (i) the member will not be entitled, in respect of the default shares, to be present or to vote (either personally or by proxy) at any general meeting or at any separate meeting of the holders of that class of shares or on any poll; and
- (ii) where the default shares represent at least 0.25 per cent. in nominal value of their class:
 - (aa) no dividend, amount payable on redemption or other moneys payable in respect of the default shares will be paid by the Company and no share will be allotted by way of scrip dividend in respect of the default shares; and
 - (bb) no transfer of the default shares will be registered unless (i) the member has supplied a certificate in such form as the Board may in its discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of those shares; (ii) the transfer is an approved transfer (as defined in the Amended Articles); or (iii) the registration of the transfer is required by CREST.

(n) *Notification of interests in shares*

From Admission and for so long as the Company has any of its share capital admitted to trading on AIM, or any successor market or any other market operated by the London Stock Exchange, every member must comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (as amended and varied from time to time) of the FSA Handbook as if the Company were classified as an "issuer" whose "Home State" is the "United Kingdom".

If a member, or any other person appearing to be interested in shares held by that member has been issued with a notice by the Company and has failed in relation to any shares (the “restricted shares”) to give the Company the information thereby required within 14 days from the date of the notice the following sanctions may apply:

- (i) the member will not be entitled in respect of the restricted shares to be present or to vote (either personally or by proxy) at any general meeting or at any separate meeting of the holders of that class of shares or on any poll; and
- (ii) where the restricted shares represent at least 0.25 per cent. in nominal value of their class:
 - (aa) no dividend, amount payable on redemption or other moneys payable in respect of the restricted shares will be paid by the Company and no share will be allotted by way of scrip dividend in respect of the restricted shares; and
 - (bb) no transfer of the restricted shares will be registered unless (i) the member has supplied a certificate in such form as the Board may in its discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of those shares, (ii) the transfer is an approved transfer (as defined in the Amended Articles), or (iii) the registration of the transfer is required by CREST.

(o) *Directors’ decisions for other companies*

No director of the Company who is also a director (by whatever name called) of any other body corporate will be liable to account to or compensate the Company or the members in respect of any act or decision made or taken by him *bona fide* in his capacity as such a director, notwithstanding that any such act or decision may involve or result in a correlative or consequential decision by such director as a director of the Company, provided always that such correlative or consequential decision is also taken *bona fide*. Such director will equally not be liable to account to or compensate the Company or the members in respect of any such correlative or consequential decision as aforesaid.

(p) *Redemption of Shares*

- (i) The Shares of any class will be redeemable by the Company in the following circumstances:
 - (aa) at the discretion of the Board *pro rata* to the number of Shares of such class registered in the name of each Shareholder at the commencement of business on the redemption date (rounded down to the nearest whole number) at a price per Share calculated as described in paragraph 6(b)(ii) of this Part V by giving not less than 14 days’ prior written notice of the date fixed for redemption;
 - (bb) if the Shares of any class trade at a discount to NAV per Share of such class on any market on which they are listed or traded, the Company may, at the discretion of the Board, repurchase and redeem Shares from one or more Shareholders on such terms and at a price per Share agreed by the Board, provided that the price per Share is less than NAV per Share as most recently calculated; and
 - (cc) as described in paragraph 5(i)(i),and in all cases on such other terms and conditions as the Board may in its discretion determine.
- (ii) Shareholders have no entitlement to require their Shares to be redeemed.
- (iii) Each Shareholder holding a Share in Certificated form that is to be redeemed may be required to deliver the relevant share certificate to the Company. If any member fails or refuses to deliver the relevant share certificate(s) in the required manner, the Company may retain the amount payable to that member on redemption of the Shares to which the certificate(s) relates until delivery of the certificate(s) or the receipt of an indemnity satisfactory to the Company (whereupon the Company will pay the amount payable on redemption of the Shares to which the certificate(s) relates without interest and return any relevant balance certificate within 14 days of that delivery or receipt).
- (iv) Where Shares to be redeemed are in Uncertificated form, subject to the facilities and requirements of the relevant system concerned, the Company is entitled in its absolute discretion to determine the procedures for the redemption of such Shares. Upon being

satisfied that such procedures have been effected, the Company will pay to the relevant Shareholder the amount due in respect of the redemption of those Shares within 14 days of the relevant redemption date.

6. ASSETS AND LIABILITIES ATTRIBUTED TO A CLASS FUND, NET ASSET VALUE AND REDEMPTION PRICE

(a) Assets and liabilities attributed to a Class Fund

The Amended Articles provide that the directors will attribute, in the books and records of the Company, assets and liabilities of the Company (other than the amounts paid up on the Founder Shares) to each Class Fund that has been established. The directors will maintain all the assets, income, earnings, liabilities, expenses and costs attributed to each Class Fund separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company in accordance with the following provisions:

- (i) any consideration received on, or proceeds from, the allotment and issue of Shares of each class will be applied in the books of the Company to the Class Fund established for that class, and the assets, liabilities, income and expenditure deriving or arising thereon will be applied only to that Class Fund, subject to the following sub-paragraphs;
- (ii) where any asset is derived from any other asset or assets (whether cash or otherwise) such derivative asset will be applied in the books of the Company to the same Class Fund as the asset or assets from which it was derived and on each revaluation of an asset attributed to a particular Class Fund, any increase or diminution in its value will be applied to that Class Fund;
- (iii) in the case of any asset of the Company (not attributable to the Founder Shares) which the directors do not consider is attributable to any particular Class Fund or Class Funds, the directors have the discretion to determine the basis upon which any such asset will be allocated between Class Fund and the directors have the power at any time and from time to time to vary such basis;
- (iv) where, in the directors' opinion, a liability of the Company (not arising or deriving from the Founder Shares) does not relate to any particular Class Fund or Class Funds, the directors have the discretion to determine the basis upon which that liability will be allocated between Class Funds (including conditions as to subsequent re-allocation) and have power at any time and from time to time to vary such basis;
- (v) the directors may in the books of the Company transfer any assets to or from one or more Class Funds if, as a result of a creditor proceeding against certain assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne on the basis of the above sub-paragraphs;
- (vi) if the liabilities accrued due relating to any Class Fund cannot be met out of the assets attributed to such Class Fund, the directors may have recourse to the other assets of the Company and in so doing will take from Class Funds proportionately according to the net asset values attributable to each Class Fund on such date or dates as determined at the discretion of the directors; and
- (vii) save as otherwise provided in the Amended Articles, the assets held for each Class Fund will be applied solely in respect of the Shares of the class to which that Class Fund is attributable.

(b) Net Asset Value

The Company has adopted International Financial Reporting Standards.

The NAV attributable to a class of Shares as of any date will be calculated as the value of all the assets, less all the liabilities, attributed to the Class Fund that is attributable to such class of Shares, as at the close of business on that date. The NAV per Share of a Share of such class will be calculated by dividing the resulting figure by the total number of Shares of that class in issue at the close of business on the day in respect of which the calculation is made.

The NAV attributable to a Class Fund will be calculated in accordance with the following accounting policies:

- (i) Listed Securities and AIM Securities held by the Company attributed to that Class Fund will be valued at their market bid price (as derived from Bloomberg or, if no such price is available from Bloomberg, from a comparable system);
- (ii) the value of all other assets attributed to that Class Fund and the value of all liabilities attributed to that Class Fund will be calculated as being their fair value as determined by the directors in their reasonable discretion;
- (iii) provision will be made for any capital return or equity appreciation fees which would have become payable to the Investment Manager had all the assets attributed to that Class Fund been distributed to Shareholders holding Shares of the class of Shares attributable to such Class Fund at the date of the NAV calculation; and
- (iv) notwithstanding (i) – (iii) above, the directors may in their reasonable discretion permit an alternative method of valuation to be used if they consider that such valuation better reflects the fair value of any asset or liability.

No person will be under any liability by reason of the fact that a price reasonably believed to be the appropriate price for any quoted or unquoted investment may be found subsequently not to be such.

The NAV per Existing Share and the NAV per B Share will be calculated by the UK Administration Agent on a weekly basis and the Company will inform the London Stock Exchange via a Regulatory Information Service. Any suspension of the publication of the weekly NAV per Existing Share and/or the weekly NAV per B Share, together with the reasons for such suspension, will be communicated to investors via a Regulatory Information Service.

(c) *Redemption price*

- (i) Where B Shares trade at a discount to NAV per B Share on any market on which they are listed or trade and B Shares are to be repurchased and redeemed in the market, the redemption price of those B Shares will be agreed by the Board with the selling B Shareholder provided that such price will be less than NAV per B Share as most recently calculated.

Where the circumstances described above apply to the Existing Shares, the redemption price of Existing Shares will be determined on the same basis as described above in respect of the B Shares.

- (ii) Where, on any date, B Shares are redeemed *pro rata* to the number of B Shares held by each B Shareholder, the redemption price of any such B Share to be redeemed on that redemption date will be the NAV per B Share on the business day (a business day being, for this purpose, a day on which banks in Guernsey and London are normally open for non-automated business) preceding the redemption date less such amount (if any) as the Board may determine in its absolute discretion to be the costs attributable to the redemption of that B Share. The resulting figure in pence will be rounded down to two decimal places.

Where the circumstances described above apply to the Existing Shares, the redemption price of Existing Shares will be determined on the same basis as described above in respect of the B Shares.

7. DIRECTORS' AND OTHER INTERESTS

- (a) No Director, nor any members of their immediate families nor any related person (within the meaning of the AIM Rules) has any interest beneficial or otherwise in the share capital of the Company or a Related Financial Product in respect of that share capital, which is required to be notified to the Company under the provisions of their appointment letters. So far as is known to the Directors or could, with reasonable diligence, be ascertained by the Directors, no related person (as defined in the AIM Rules) of such Directors has any interest in the share capital of the Company which is required to be disclosed. No Director has any options over the share capital of the Company. No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

- (b) As at the date of this Admission document, the Company has been notified of the following persons who are interested in 3 per cent. or more of the Existing Shares in issue:

	<i>Percentage of Existing Shares in issue</i>
Artemis Investment Management Limited	19.62%
East Riding of Yorkshire CC	13.34%
Cazenove Capital Management Limited	9.82%
Fidelity Investment Services Limited*	8.95%
Aberdeen Asset Management Limited	8.93%
Universities Superannuation Scheme Limited	7.23%
INVESCO Asset Management Limited	6.04%
Guinness Peat Group PLC	4.10%
Noble Fund Managers	3.29%
J O Hambro Capital Management Limited	3.12%

* includes holding of FMR LLC

- (c) As at the date of this Admission document, the Company is not aware of any person who, directly or indirectly, jointly or severally, will, following the Placing, own or control the Company and is not aware of any arrangements which may, at a subsequent date, result in a change of control of the Company.
- (d) The current directorships, and the directorships during the last five years, of each Director and the partnerships that each Director is currently a partner of, and has been a partner of during the last five years, are listed below.

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Christopher Clark	Highcroft Investments plc	Advance Focus Fund Limited William Ransom & Son plc
Paul Clarke	Quoted Companies Alliance Limited	45 Woodfield Limited FST Trustees Limited Fuller, Smith & Turner P.L.C Fuller Smith and Turner Estates Limited George Gale & Co. Limited Grand Canal Trading Ltd Griffin Catering Services Limited Griffin Inns Ltd Ringwoods Ltd Jacomb Guinness Ltd The Association for Research into Stammering in Childhood
Colin Ferbrache OBE	Alga Finance Ltd Anchorman Ltd Annapurna View Ltd ARS Major Ltd Calbourne Ltd Echo Delta Ltd Glenross Ltd Guernsey Flying Training Ltd Hamilton Management Services Ltd Hamilton Nominees Ltd Hamilton Secretarial Services Ltd Hamilton Trustees Ltd Kappa Ltd Masco (International) Ltd Metro Marketing Ltd MISP Ltd Montal Overseas Ltd	Advance Focus Fund Limited Bimar Ltd Brooklyn Shipping Ltd Maurel et Prom International Shipping Ltd Mepis Clementine Ltd Mepis Marie Ltd Moorefield Investment Company Ltd NATC Ltd New Media Holdings Ltd Orvik Technology Ltd Sailcord Ltd Star Financial Corporation Ltd

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Sagemoss Holdings Ltd Tippitoes Ltd Tradeworth Inc Tremaine Trading Co Ltd Tubetime Ltd	
Alasdair McLaren	A Curious Group of Hotels (Holdings) Limited Auriga Nominees Limited Canal House BV Carina Nominees Limited Champness Limited Corbiere Private Office Limited Corbiere Property Investments (Hanover Square) Corbiere Property Investments Limited Corbiere Trust Company Limited Curious Group BV Curious Hotels Limited Davos Trust Company Limited Draco Nominees Limited Halebourne Limited Hector Limited Hydra Investments Group Limited Indian Star Limited J. Rothschild Group (Guernsey) Limited J. Rothschild Nominees (Guernsey) Limited Libra-Alpha Investments Limited Mensa Nominees Limited Moules Investments Limited Oceantide Limited Octavian Nominees Limited Palmus Trust Company Limited Paragon Outcomes Holdings Limited Pavo Nominees Limited Pictor Nominees Limited Puma Sphera Management (Cayman) Limited Redvale Properties Limited RHK Nominees Limited Rysaffe International Services Limited Rysaffe Limited Rysaffe Nominees (C.I.) Limited Rysaffe Trustee Company (C.I.) Limited Saffery Champness Fund Services Limited Saffery Champness Management International Saffery Champness (Suisse) SA Saffery Limited Saffery Trustee Company (C.I.) Limited SAR Limited	Abbey International Services Limited ABW88 Limited Akapoko Limited Amulree Limited Andretec Limited Aporto Limited Aura-Soma Worldwide Trading Limited Baldarroch Farm Limited Bay Properties Limited Belfry Limited Blackford Investments Limited Blanefield House (International) Limited Blantyre Investments Limited Brooks MacDonald (Guernsey) Nominees Limited Carinella Resources Limited Cheika Consulting Limited Clavelee Limited Clontarf Consultants Limited DD88 Limited Decontamination Technology Limited Desert Limited Dorintex SA DV Distributors Limited DV Holdings Limited Edinkillie Viaduct Limited Edward International Software Solutions Limited Edward International Franchise Services Limited Edward International Property Services Limited Eilean Aigas (International) Limited Epevar Limited Eutex International Limited Evolution Incentives Fatiko Limited Fingleaf Investments Limited Fliquet Holdings Limited Glen Etive Investments Goshawk Properties Limited HCW88 Limited Hexham Industry Limited HRPAY Consultants Limited Integrated Subsea Services (Guernsey) Limited Internet Services International Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Southern Cross Nominees Limited Tucana Nominees Limited Virgo Investments Group Limited Wainbridge Capital Limited	Inverloch Castle (International) Limited IPS90 Limited JSBC Holdings Limited Kyrenia Investments Limited Kyrenia Properties Limited Lambousa Properties Limited Leaway Resources Limited Lettoch Investments Limited Linlithgow Limited Lochawe Investments (Guernsey) Limited Lochbroom Investments (Guernsey) Limited LT68 Limited LT88 Limited LT721 Limited Merit Estates Limited Merlin Securities Limited Millbank Properties Limited Ogilvie Ormond Investments (Guernsey) Limited Ord Investments Limited Protec Incentives Protec Rewards Quendon Resources Limited Rallystar Management Limited Retreat Developments (Tenenbaum) Limited Roebuck Limited St Wencelas Property Fund Fairway Saltire (Directors) Limited Saltire (Nominees) Limited Saltire (Secretaries) Limited Saltire Trustees (Overseas) Limited Savanna Trading Company Limited Scar Fashion Limited Scotia Trustees (Guernsey) Limited Spylaw Investments Limited Strathlmond Investments (Guernsey) Limited S W Bahati Limited Synergy International IT Consultants Limited Syntech Consulting Limited Tetatec Limited Towerstand Limited Turcan Connell Trustees (Guernsey) Limited TVD Finance Limited VB Properties Limited Zuwaiq Investments Limited
Phil Soulsby	Aviva Investors Channel Islands Limited Emir PCC Ltd	Avebury Holdings Limited Avebury Properties Limited Beechley Limited

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Ethical Junction CIC	BH Trading PCC Limited
	Florin Capital Ltd	Cabot Mortgage Holdings Limited
	Florin Investment Management Ltd	CQS International Limited
	Florin PCC Ltd	Credit Suisse Advanced Solutions PCC Limited
	Futura Ltd	Credit Suisse Asset Management (Guernsey) Limited
	Get Ethical Trading Ltd	Credit Suisse Fund Administration Limited
	Moneda Latin American Fund PCC Ltd	Credit Suisse Investment Services (Cayman) Limited
	Moonraker Fund Management (Guernsey) Ltd	Credit Suisse Pension Trustees Limited
	Moonraker Funds PCC Ltd	CS SCF Services No1 Limited
	The Mundi Group Ltd	CS SCF Services No2 Limited
	The Tradition Ltd	Green Key PCC Limited
		Helvetia Administration (Isle of Man) Limited
		Helvetia Fund Administration Limited
		HF Services Limited
		Ice Bond LDC
		IIF Services Limited
		MIF Services Limited
		PIN PCC Limited

(e) None of the Directors has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) had any bankruptcy order made against him/her or entered into any voluntary arrangements;
- (iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or been the subject of a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
- (iv) been a partner in a partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- (v) been the owner of any assets which have been the subject of receivership;
- (vi) been a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- (vii) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (viii) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the business affairs of a company.

8. DIRECTORS' APPOINTMENT LETTERS AND DIRECTORS' FEES

Each Director has been appointed with effect from 28 May 2008 pursuant to the terms of a letter dated 3 June 2008 which provides, *inter alia*, for a fixed term appointment until the first annual general meeting of the Company, subject to renewal. Each of the Directors is entitled to a fee, payable from Admission, of £15,000 per annum (£25,000 per annum in the case of the chairman of the Board). Conditional on at least 10 million B Shares being issued pursuant to the Placing, the fee payable by the Company to each of the Directors will increase by £2,500 per annum (£4,000 per

annum in the case of the chairman of the Board) from the date of Admission to reflect the additional work involved as a result of the issue of B Shares and the maintenance of separate class funds. Assuming that at least 10 million B Shares are issued, it is estimated that a total sum of £91,000 will be payable by the Company to the Directors for the current financial period under the arrangements in force at the date of this Admission document. There are no service contracts or consultancy agreements in existence between the Company and any of the Directors, nor are any such contracts proposed. None of the Directors is eligible for bonuses, pensions, retirement or other similar benefits.

9. FINANCIAL STATEMENTS AND GENERAL MEETINGS

- (a) Copies of the audited financial statements of the Company, which will be made up to 30 June in each year commencing in 2009, will be sent to the Shareholders at their registered address not less than 20 Business Days before the date fixed for the annual general meeting of the Company at which they will be considered. The first interim report of the Company will cover the period from 28 May 2008, the date of incorporation, to 31 December 2008.
- (b) Notices convening the general meeting in each year at which the audited financial statements of the Company will be considered will be sent to the Shareholders not less than 20 Business Days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Board by sending notices to Shareholders at least 10 clear days prior to the meeting or by Shareholders requisitioning such meetings in accordance with Guernsey Law. General meetings will be held in Guernsey.

10. WORKING CAPITAL, INDEBTEDNESS AND CAPITALISATION

- (a) The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company will be sufficient for its present requirements, that is for at least the 12 months from the date of Admission.
- (b) As at the date of this Admission document, the Company has no guaranteed or unguaranteed, secured or unsecured, indirect or contingent indebtedness. This information is unaudited.
- (c) As at the date of this Admission document, the Company has no principal investments that are in progress nor has it entered into any financial investments.
- (d) The following table, which is unaudited, sets out the capitalisation of the Company as at 31 December 2008.

<i>Capital and reserves</i>	£
Called up share capital	2
Share premium account	21,159,443
Other reserves	(13,766,375)
	<u>7,393,070</u>

11. INVESTMENT MANAGEMENT AGREEMENT

- (a) By an agreement dated 6 June 2008 between the Company and the Investment Manager, the Company appointed the Investment Manager to act as the manager of the assets of the Company. By an agreement dated 15 January 2009, the Company and the Investment Manager agreed to vary the investment management agreement to take account of the B Share issue. The terms of the investment management agreement, as varied (the Investment Management Agreement) are described below.

Under the provisions of the Investment Management Agreement, the Investment Manager is at all times subject to the control of, and its actions subject to review by, the Directors.

The Investment Manager is entitled to receive from the Company for its services as investment manager a “basic fee”, a “capital return fee” and an “equity appreciation fee”.

The basic fee is payable monthly in arrears (and *pro rata* for any part of a month) and:

- (a) in respect of the Existing Shares, up to and including 30 June 2010, will be a fixed amount equivalent to one twelfth of one per cent. of the aggregate value, at 100p, of the Existing Shares placed pursuant to the Flotation. Thereafter, the basic fee will be one twelfth of one per cent. of the NAV attributable to the Existing Shares as at 30 June 2010; and

- (b) in respect of the B Shares, up to and including 31 March 2011, will be a fixed amount equivalent to one twelfth of one per cent. of the aggregate value, at the Placing Price, of the B Shares placed pursuant to the Placing. Thereafter, the basic fee will be one twelfth of one per cent. of the NAV attributable to the B Shares as at 31 March 2011.

The capital return fee will be payable at the rate of:

- (a) in respect of the Existing Shares, one per cent. on the Existing Share Capital Returns to Existing Shareholders made in any calendar month up to and including June 2010. No capital return fee will be payable in respect of any Existing Share Capital Returns to Existing Shareholders made after 30 June 2010; and
- (b) in respect of the B Shares, one per cent. of the B Share Capital Returns to B Shareholders made in any calendar month up to and including March 2011. No capital return fee will be payable in respect of any B Share Capital Returns to B Shareholders made after March 2011.

The equity appreciation fee will be:

- (a) in respect of the Existing Shares, ten per cent. of any value returned to Existing Shareholders by way of redemption of Existing Shares or capital distribution in excess of 100p per Existing Share; and
- (b) in respect of the B Shares, ten per cent. of any value returned to B Shareholders by way of redemption of B Shares or capital distributions in excess of 100p per B Share,

provided that, in each case, the equity appreciation fee may be satisfied in whole or in part *in specie* by the transfer to the Investment Manager of any residual holdings of investments (attributed to the A Class Fund or the B Class Fund, as applicable) as selected by the Board. The price at which any security will be transferred to the Investment Manager will be the average of the market bid quotations for such security as derived from Bloomberg as at the close of business on the five Business Days immediately preceding the date of the transfer. However, in the case of securities which were acquired by the Company at less than their bid price, the price at which such securities are transferred to the Investment Manager will be reduced by a percentage equivalent to the percentage by which the Company's acquisition cost was less than the market bid price at the time of acquisition.

The capital return fee and the equity appreciation fee are payable in the month following the month in which the relevant redemption or capital distribution is made.

The Investment Management Agreement provides that the Investment Manager will, at its own expense, provide staff and office accommodation for such staff. However, the Company will pay, or reimburse to the Investment Manager, all accountancy, legal and other professional fees and other expenses incurred in connection with the formation and operation of the Company and pursuit of the Company's investment objectives.

The services to be provided by the Investment Manager to the Company are not exclusive and the Investment Manager is able to render similar services to others, provided the services it provides pursuant to the Investment Management Agreement are not impaired.

The Investment Manager may delegate the whole or any part of its functions under the Investment Management Agreement to any person who is approved in writing by the Directors, provided that the Investment Manager takes reasonable care in the selection and monitoring of any such delegate. Except where such delegate is an associate of the Investment Manager or where the Investment Manager has not acted in accordance with the Investment Management Agreement in respect of such delegation, the Investment Manager will not be liable for any acts or omissions of any such delegate.

In the absence of fraud, wilful default, negligence or breach of duty on its part (and excluding any liability arising under FSMA), the Investment Manager will not be liable to the Company for any loss or damage suffered by the Company (i) arising out of any error of judgement, oversight or mistake of law on the part of the Investment Manager made or committed in good faith in the proper performance of its duties, (ii) as a result of the acquisition, holding or disposal of any investment, or (iii) arising out of the proper performance by the Investment Manager of its duties under the Investment Management Agreement.

Except in cases of fraud, wilful default, negligence, breach of duty or liability arising under FSMA, the Company agrees to indemnify the Investment Manager against all actions, damages, proceedings, etc. which may be brought against the Investment Manager and arising out of the proper performance by the Investment Manager of its duties under the Investment Management Agreement.

The Investment Management Agreement is terminable by either party thereto on not less than twelve months' written notice expiring on 30 June or 31 December in any year, subject to immediate termination in certain circumstances, including, *inter alia*, material breaches of the agreement that have not been remedied or the insolvency of either party.

12. PLACING AGREEMENT

By an agreement (the Placing Agreement) dated 15 January 2009 between the Company, the Investment Manager, Deloitte Corporate Finance, Marshall and the Directors, Marshall has undertaken to use its reasonable endeavours to procure, as agent for the Company, subscribers for up to 75 million B Shares subject, *inter alia*, to the Admission pursuant to the Initial Placing taking place not later than 5.00 p.m. on 6 February 2009 or such later date as the Company, Marshall and Deloitte Corporate Finance agree but not later than 5.00 p.m. on 28 February 2009 and, in relation to the Supplemental Placing, if any, Admission pursuant to the Supplemental Placing taking place not later than 5.00 p.m. on 27 February 2009 or such later date as the Company, Marshall and Deloitte Corporate Finance agree but not later than 5.00 p.m. on 27 March 2009.

The Placing is conditional, *inter alia*, on the passing of the Resolution at the EGM and on at least £10 million being subscribed in the Initial Placing.

In consideration of its services under the Placing Agreement Marshall will be paid a corporate fee of £37,500 and commission at the rate of 1.25 per cent. of the aggregate value, at the Placing Price, of the B Shares placed pursuant to the Placing (the "Value of the Placing"). It is intended that the overall expenses of the Placing (the "Placing Costs") should be restricted to three and a half per cent. of the Value of the Placing where such value is £10 million, reducing *pro rata* to three per cent. where such value is £25 million. If the Placing Costs are estimated by the Directors to exceed the relevant percentage of the Value of the Placing, the fee and commission payable to Marshall will be reduced so that the Placing Costs do not exceed such percentage.

Provided Admission occurs in relation to the Initial Placing and Marshall's obligations pursuant to the Placing Agreement are not terminated before Admission occurs in relation to the Initial Placing, the Company will pay to Marshall all of its properly incurred legal and other professional fees and out-of-pocket expenses, including travel and accommodation expenses. The Company will pay any VAT which may be chargeable on such fees and expenses.

Provided Admission occurs in relation to the Initial Placing, in consideration of the Investment Manager's services in connection with structuring and establishing the Company, the Company will pay the Investment Manager's properly incurred legal fees and out-of-pocket expenses, including travel and accommodation expenses. The Company will pay any VAT which may be chargeable on such fees and expenses.

The Company, the Investment Manager and the Directors have given certain warranties to Marshall and Deloitte Corporate Finance, including warranties relating to the accuracy of information in this Admission document. All of the warranties given by the Company are customary in such an agreement.

No claim may be made against (i) Marshall, members of its group and their respective shareholders, directors, officers, agents, advisers and employees (each an "Indemnified Marshall Person"), or (ii) Deloitte Corporate Finance, members of its group and their respective shareholders, directors, officers, agents, advisers and employees (each an "Indemnified Deloitte Person"), to recover any loss, damage, etc. which the Company, the Investment Manager or the Directors may suffer by reason of the carrying out by Marshall or Deloitte Corporate Finance (as applicable) of its obligations and services in accordance with the Placing Agreement, save in the case of negligence, fraud or (only in the case if an Indemnified Marshall Person) wilful default, from a breach by Marshall or Deloitte Corporate Finance (as applicable) of its duties or obligations under the Placing Agreement or from any breach of duty or liability by Marshall or Deloitte Corporate Finance (as applicable) owed to the Company under the regulatory system (as defined in the FSA Handbook).

The Company agrees to indemnify each Indemnified Marshall Person and each Indemnified Deloitte Person against all claims, actions, etc. brought against such Indemnified Person which arise out of or

is in connection with the carrying out by Marshall or Deloitte Corporate Finance (as applicable) of its obligations or services in accordance with the provisions of the Placing Agreement, save in the case of negligence, fraud or (only in the case of an Indemnified Marshall Person) wilful default, any breach by Marshall or Deloitte Corporate Finance (as applicable) of its duties or obligations under the Placing Agreement or from any breach of duty or liability Marshall or Deloitte Corporate Finance (as applicable) owes to the Company under the regulatory system (as defined in the FSA Handbook) or the AIM Rules.

Marshall or Deloitte Corporate Finance may terminate the Placing Agreement before Admission pursuant to the Initial Placing in certain circumstances including, *inter alia*, where there has been a material breach of any warranties or undertakings or any other provision of the Placing Agreement or where any statement contained in the Admission document has become or been discovered to be untrue, incorrect or misleading in any respect.

If subsequent to Admission pursuant to the Initial Placing but before Admission pursuant to the Supplemental Placing certain circumstances including, *inter alia*, the circumstances described in the preceding paragraph, arise, Marshall or Deloitte Corporate Finance may give notice to the Company stating that none of the parties to the Placing Agreement will be obliged to take any further action pursuant to the Placing Agreement in relation to the Supplemental Placing.

The placing letters to be issued by Marshall to placees in connection with the Placing will set out the terms and conditions which apply to, and procedures to be followed by, placees to satisfy the Placing Price for B Shares by the transfer to the Company of Qualifying Securities or in limited cases for cash on the basis that the Company will apply those cash proceeds in purchasing Qualifying Securities from that subscriber. The minimum subscription is £50,000. Under such procedures the Company will conclude agreements, subject to Admission, to acquire specified Qualifying Securities at the bid price of such securities as at the close of business on the date of the closing of the Initial Placing (expected to be 6 February 2009) in the case of the Initial Placing and on the date of the closing of the Supplemental Placing (expected to be 27 February 2009) in the case of the Supplemental Placing, as derived in each case from Bloomberg (or, in the limited circumstances described in paragraph 3(a) above, at a lower price). Accordingly, providing Admission occurs, movements in value and all other risks and benefits associated with such Qualifying Securities in the period between close of business on the date of the closing of the Initial Placing (expected to be 6 February 2009) (in the case of the Initial Placing) or close of business on the date of the closing of the Supplemental Placing (expected to be 27 February 2009) (in the case of the Supplemental Placing) and the actual date of Admission will be for the account of the Company.

13. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business), which are or might be material, have been entered into by the Company within the two year period immediately preceding the date of this Admission document or contain provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this Admission document:

- (a) the Investment Management Agreement and the variation thereto referred to in paragraph 11 above;
- (b) the Placing Agreement referred to in paragraph 12 above;
- (c) a placing agreement dated 3 June 2008 between the Company, the Investment Manager, Deloitte Corporate Finance, Marshall and the Directors whereby Marshall undertook to use its reasonable endeavours to procure as agent for the Company subscribers for up to 75 million Existing Shares at £1.00 per Existing Share. Marshall was entitled to a corporate finance fee of £100,000 and commission at the rate of 1.25 per cent. of the aggregate value, at the placing price, of the Existing Shares placed. The agreement contained warranties and indemnities substantially in the same form as those in the Placing Agreement described in paragraph 12 above;
- (d) an engagement letter dated 3 June 2008 between the Company and Deloitte & Touche LLP, under which Deloitte Corporate Finance will act as nominated adviser to the Company for the purposes of the AIM Rules. Deloitte Corporate Finance is retained as nominated adviser for a fee, payable from Flotation, of £25,000 per annum, half yearly in advance. Deloitte Corporate Finance will not be liable to the Company for any loss, liability, damage or cost, except where such loss is finally determined to have resulted from Deloitte Corporate Finance's breach of

contract, fraud or negligence. The Company agrees to indemnify Deloitte Corporate Finance, each member of the Deloitte Touche Tohmatsu worldwide network, and each of their subsidiaries, successors, assignees and subcontractors and all partners, principals, members, owners, directors, employees and agents against all losses they incur arising from a third party claim arising in connection with the engagement letter, except where such loss is finally and judicially determined to have been caused by the fraud or negligence of such indemnified party. In the event that the appointment is terminated, any fee paid in advance will not be refunded. The agreement provides, *inter alia*, that the Company gives various undertakings and covenants to Deloitte Corporate Finance in respect of compliance with the AIM Rules. Either party may terminate the appointment on reasonable grounds at any time by written notice. The appointment is subject to immediate termination by either party on the commencement of insolvency proceedings or the calling of a meeting of creditors in respect of the other party;

- (e) a variation agreement dated 7 January 2009 between the Company and Deloitte whereby Deloitte agreed to act for the Company in respect of the Placing and Admission under the same conditions as set out in paragraph 13(d) above;
- (f) a broker agreement dated 6 June 2008 between the Company and Marshall, under which Marshall acted as broker to the Company for the purposes of the AIM Rules. Marshall was also appointed the retained broker to the Company for a fee, payable from Flotation, of £15,000 per annum, quarterly in advance. Either party may terminate the agreement, on the giving of one months' written notice to the other party, at any time following the first anniversary of the Flotation;
- (g) an administration and secretarial agreement dated 6 June 2008 between the Company and Legis under which, from the Flotation, Legis provides administration services and will act as company secretary to the Company in Guernsey. Legis will receive a monthly fee of £2,500 as well as an amount equal to the fees Legis will pay to the UK Administration Agent (as described in paragraph 13(i)). The fees are payable monthly in arrears (and *pro rata* for part of a month). Either party may terminate the agreement on the giving of 90 days' notice in writing provided that such notice will not be effective for the first six months of the agreement. The agreement is subject to immediate termination in certain circumstances including, *inter alia*, where either party commits a material breach of the agreement that has not been remedied. The appointment of Legis will terminate automatically (i) on the date the Company is wound up or (ii) where Legis ceases to be appropriately licensed by the Guernsey Financial Services Commission;
- (h) a variation agreement dated 15 January 2009 between the Company and Legis whereby the fees payable to Legis under the agreement described in paragraph 13(g) above will be varied (1) to include additional fees in respect of the B Shares of £15,000 per annum and (2) to take account of the variation of the agreement with UK Administration Agent described in paragraph 13(j) below;
- (i) an administration service agreement dated 6 June 2008 between Legis and the UK Administration Agent under which, from the Flotation, Legis engaged the UK Administration Agent as sub-agent to carry out part of Legis's duties and functions under the administration and secretarial agreement referred to in paragraph 13(g). From the Flotation up to and including 30 June 2010, the UK Administration Agent receives from Legis an annual fee of £25,000 and a monthly fee equal to one twelfth of 0.1 per cent. of the aggregate value, at 100p, of the Existing Shares placed pursuant to the Flotation. Thereafter, the UK Administration Agent will receive an annual fee of £25,000 plus a monthly fee equal to one twelfth of 0.1 per cent. of the NAV attributable to the Existing Shares as at 30 June 2010. In addition, the UK Administration Agent will receive a fee on Existing Share Capital Returns in each month at the rate of 0.1 per cent. of such Existing Share Capital Returns up to and including June 2010. The fees are payable monthly in arrears (and *pro rata* for part of a month). Either party may terminate the agreement on the giving of six months' written notice to the other party. The agreement is subject to immediate termination in certain circumstances, including, *inter alia*, where either party commits a material breach of the agreement that has not been remedied or where the administration agreement (as described in paragraph 13(g)) is terminated;
- (j) a variation agreement dated 15 January 2009 between Legis and the UK Administration Agent whereby the fees payable to the UK Administration Agent under the agreement described in paragraph 13(i) above will be varied to include additional fees in respect of the B Shares as follows: from Admission up to and including March 2011, the UK Administration Agent will

receive from Legis a monthly fee equal to the greater of one twelfth of 0.1 per cent. of the aggregate value, at the Placing Price, of the B Shares placed pursuant to the Placing and £2,083. Thereafter, the UK Administration Agent will receive a monthly fee equal to the greater of one twelfth of 0.1 per cent. of the NAV attributable to the B Shares as at 31 March 2011 and £2,083. In addition, the UK Administration Agent will receive a fee on B Share Capital Returns in each month at the rate of 0.1 per cent. of such B Share Capital Returns up to and including March 2011;

- (k) a custody agreement dated 5 June 2008 between the Company and the Custodian under which, from the Flotation, the Custodian agreed to provide custodian services to, and be responsible for the safekeeping of the assets of, the Company. The Custodian is entitled to receive an annual fee of £3,750 plus 0.01 per cent. of the value of the assets of the Company (payable monthly in arrears) and a fee equal to £10 per transaction. Higher charges would apply if the Company were to hold non United Kingdom assets, although the Investment Manager does not expect the Company to hold such assets. Either party may terminate the agreement on the giving of 30 days' written notice to the other party;
- (l) a delegation agreement dated 6 June 2008 between the Company and Legis under which the Company has agreed to indemnify Legis in respect of all costs, claims, etc that Legis may incur pursuant to the administration service agreement referred to in paragraph 13(i), except that such indemnification will not extend to costs, claims, etc. arising from the bad faith, recklessness, gross negligence, wilful default or fraud of Legis;
- (m) an amendment agreement dated 15 January 2009 between the Company and Legis under which the Company has extended the indemnification granted in the agreement described in paragraph 13(l) to cover the agreement referred to in paragraph 13(j) above;
- (n) a registrar agreement dated 6 June 2008 between the Company and the Registrar under which, from the Flotation, the Registrar acts as the Company's registrar. The Registrar receives a quarterly fee calculated by reference to the number of Shareholders (payable quarterly in arrears), activity fees calculated by reference to the number of transfers of Shares and certain additional charges relating to work done in relation to meetings of Shareholders and the payment of dividends. Either party may terminate the agreement on the giving of three months' written notice to the other party, provided that notice given by the Company is to expire no earlier than the first anniversary of the date of the agreement. The agreement is subject to immediate termination in certain circumstances, including, *inter alia*, where either party commits a material breach of the agreement that has not been remedied;
- (o) a loan agreement dated 6 June 2008 between PAML and the Company under which PAML agreed to establish a loan facility pursuant to which the Company may borrow up to £1.5 million from PAML. The Investment Manager is a subsidiary of PAML. Interest is payable on amounts owing at one per cent. per annum above the base rate of the Bank of England. The purpose of the loan was to provide funds for the payment of the costs of the Flotation and to provide the Company with initial working capital, if required, pending realisation of investments acquired by the Company on the issue of the Existing Shares. The loan is for a period of 380 days from Flotation. PAML may terminate the loan at any time and may, at such time or at any time thereafter, demand immediate payment of all amounts owing under the loan. Under the loan, an arrangement fee of £3,000 was payable to PAML on execution of the agreement. As at the date of this Admission document, the Company has not borrowed money pursuant to the loan facility described in this paragraph 13(o);
- (p) a loan agreement dated 15 January 2009 between PAML and the Company under which PAML has agreed to establish a loan facility pursuant to which the Company may borrow up to £1.5 million from PAML. The Investment Manager is a subsidiary of PAML. Interest is payable on amounts owing at one per cent. per annum above the base rate of the Bank of England. The purpose of the loan is to provide funds for the payment of the costs of the Placing and to provide for initial working capital in respect of the B Class Fund. The loan is for a period of 380 days from Admission. PAML may terminate the loan at any time and may, at such time or at any time thereafter, demand immediate payment of all amounts owing under the loan. Under the loan an arrangement fee of £3,000 is payable to PAML on execution of the agreement;

- (q) a letter dated 6 June 2008 from the Investment Manager to the Company under which, for so long as any amounts are outstanding under the loans described in paragraph 13(o) the Investment Manager has agreed to the deferral of fees relating to the Existing Shares due under the Investment Management Agreement until 30 June 2009 or such later date as the Investment Manager may agree;
- (r) a letter dated 15 January 2009 from the Investment Manager to the Company under which, for so long as any amounts are outstanding under the loans described in paragraph 13(p) the Investment Manager has agreed to the deferral of fees relating to the B Shares due under the Investment Management Agreement until 28 February 2010 or such later date as the Investment Manager may agree;
- (s) as from the Flotation, the Directors undertook to the Company, Marshall and Deloitte Corporate Finance that for a period commencing on the acquisition of any Existing Shares and ending 12 months after the Flotation they will not, and they will procure that any person “related” to them will not, sell or dispose of any interest in Existing Shares. No Existing Shares have been acquired by any of the Directors. The lock-in restrictions do not apply (i) on the death of the Director or related party, (ii) in respect of a take-over offer for the Company that is open to all Shareholders, or (iii) in the event of an intervening court order;
- (t) as at the date of this Admission document, the Directors have undertaken to the Company, Marshall and Deloitte Corporate Finance that for a period commencing on the acquisition of any B Shares and ending 12 months after Admission they will not, and they will procure that any person “related” to them will not, sell or dispose of any Interest in Existing Shares. The lock-in restrictions do not apply (i) on the death of the Director or related party, (ii) in respect of any take-over offer for the Company that is open to all Shareholders, or (iii) in the event of an intervening court order; and
- (u) at the time of Flotation, the Company made arrangements to obtain appropriate directors’ and officers’ insurance for the benefit of its Directors.

The agreements referred to in this paragraph contain provisions under which the Company exempts the other parties thereto from liability in certain circumstances and indemnifies them in respect of such liability subject to exclusions in, for example, the case of fraud, breach of duty, negligence or wilful default. All of these indemnities are customary for such agreements. In addition, the agreements referred to in this paragraph permit the relevant service providers to deal with parties other than the Company and to retain profits arising from such dealings. Where applicable, VAT will be charged on the fees payable pursuant to each of the contracts referred to in this paragraph.

14. TAXATION

The comments below are of a general nature based on the Company’s understanding of the current law and practice of the revenue authorities in Guernsey and the United Kingdom and relate only to investors who are the beneficial owners of Shares. In particular, they do not address the position of certain classes of investors, such as dealers. These comments are not exhaustive and do not constitute legal or tax advice.

Potential investors should consult their own professional advisers as to the tax consequences of acquiring, holding and disposing of Shares.

(a) Guernsey taxation

The Company has applied to the Administrator of Income Tax in Guernsey for exemption from Guernsey Income Tax, subject to the payment of an annual exemption fee (currently £600 per annum).

On 25 November 2002, the Advisory and Finance Committee (now the Policy Council) of the States of Guernsey announced a proposed framework for a structure of corporate tax reform within an indicative timescale. In September 2005, the Fiscal and Economic Policy Steering Group published detailed proposals on Guernsey’s future economic and taxation strategy. In March 2006 an independent Working Group set up at the request of the Treasury and Resources Department confirmed the earlier recommendation that the general rate of income tax to be paid by all Guernsey companies (other than certain regulated banking entities) would be reduced to zero (0) per cent. in respect of tax year 2008 and subsequent years. This recommendation was approved by the States of Guernsey in 2006 and legislation to give effect to this was approved in September 2007. Accordingly, the Company will not suffer any tax in

Guernsey on its income. It is anticipated that the Company will maintain its exempt status for administrative reasons and this will obviate the need for the Company to make withholdings in respect of distributions and deemed distributions to Guernsey resident shareholders.

The Company itself will not suffer any tax in Guernsey on capital gains. Shareholders who are not resident (for tax purposes) in Guernsey will not suffer any capital gains tax in Guernsey on the sale, transfer, redemption or disposal of their shares in the Company.

The Company will be required to report to the Administrator of Income Tax in Guernsey details of dividends paid to Guernsey residents. Shareholders who are not tax resident in Guernsey will receive dividends without deduction of Guernsey income tax.

No Guernsey stamp duty will be payable upon the issue of the Shares. In the event of the death of a sole holder of Shares a Guernsey grant of probate or administration may be required in respect of which certain fees will be payable to the Ecclesiastical Registrar in Guernsey.

Document duty calculated at the rate of 0.5 per cent. is payable on the nominal value of the authorised share capital of the Company up to a maximum amount of duty of £5,000.

(b) *United Kingdom taxation*

(i) *The Company*

The Board intends to conduct the business and affairs of the Company in such a way that, for United Kingdom corporation tax purposes, it will not be regarded as resident in the United Kingdom. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom or does not do so through a “permanent establishment” situated in the United Kingdom, the Company will not be subject to corporation tax on its income or capital gains. The Board and the Investment Manager each intends insofar as this is within its control that the respective affairs of the Company and the Investment Manager are conducted so that the Investment Manager will not constitute a permanent establishment of the Company, but it cannot be guaranteed that all of the requirements necessary to prevent any such permanent establishment existing will at all times be satisfied.

Dividends paid to the Company by companies resident in the United Kingdom will not be paid subject to any United Kingdom withholding tax but the Company will not be entitled to, nor be able to claim repayment of, any tax credit in respect of such dividends.

Interest and other income received by the Company which has a United Kingdom source may be subject to withholding taxes in the United Kingdom.

(ii) *Shareholders*

Income

Corporate Shareholders that are resident for United Kingdom tax purposes in the United Kingdom or are otherwise within the charge to corporation tax in respect of any dividend paid by the Company will, subject to their particular circumstances, be liable to corporation tax on such dividend as a foreign source dividend at the relevant rate. However, in its 2008 Pre-Budget Report the United Kingdom Government announced that the Finance Bill 2009 would contain measures to exempt from United Kingdom taxation most foreign dividends received by large and medium-sized corporate groups that would otherwise be liable to corporation tax in respect of such dividends. These measures are still in draft form and are subject to change.

Individual Shareholders who are resident or ordinary resident and domiciled in the United Kingdom will, subject to their particular circumstances, be liable to income tax in respect of any dividend paid by the Company as a foreign source dividend at the rate, currently, of 10 per cent. if the individual is not a higher rate taxpayer or at the rate, currently, of 32.5 per cent. if the individual is a higher rate tax payer. Where an individual Shareholder, together with certain trusts and connected persons, owns less than 10 per cent. of the Company’s issued share capital, he is entitled to a tax credit equal to one ninth of the amount of the dividend (grossed up by the amount of any tax chargeable in Guernsey in respect of the dividend). The amount of that tax credit, subject to certain restrictions, may be set against his liability to United Kingdom income tax. Where the individual is entitled

to off-set the full amount of the tax credit against his liability to United Kingdom income tax, this has the effect of reducing the rate of United Kingdom taxation on the dividend to 0 per cent. for a basic rate taxpayer and 25 per cent. for a higher rate taxpayer.

Capital gains

The Company has been advised that it is not an open-ended investment company within the meaning of section 236 of FSMA. Accordingly it will not be a collective investment scheme for the purposes of FSMA nor an offshore fund for the purposes of the offshore funds legislation in Chapter V of Part XVII of the Income and Corporation Taxes Act 1988 (the “Taxes Act”). On that basis any gain arising on a disposal of Shares should be treated for United Kingdom tax purposes as a capital gain.

Corporate Shareholders that are resident in the United Kingdom for United Kingdom tax purposes or are otherwise within the charge to corporation tax in respect of their holding of Shares will, subject to their particular circumstances, be liable to corporation tax on any gains that accrue to them on a disposal of their Shares, subject to any available indexation allowance.

Individual Shareholders that are resident or ordinarily resident and domiciled in the United Kingdom will, subject to their particular circumstances, be liable to capital gains tax on any gains that accrue to them on a disposal of their Shares at the rate of 18 per cent.

Shareholders who are not resident or ordinarily resident in the United Kingdom will not normally be chargeable to United Kingdom taxation on capital gains realised on a disposal of their Shares. However, they may be chargeable to taxation in their country of residence, domicile or nationality and should consult their own tax advisers concerning any such taxation.

Certain other United Kingdom tax legislation

Transactions in securities

The attention of investors is drawn to the provisions of sections 703 to 709 of the Taxes Act which give powers to HM Revenue and Customs to cancel tax advantages derived from certain transactions in securities.

Chapter 2 of Part 13 of the Income Taxes Act 2007

The attention of individual investors ordinarily resident in the United Kingdom for tax purposes is drawn to Chapter 2 of Part 13 of the Income Taxes Act 2007 which may render them liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad.

Controlled foreign companies legislation

The attention of companies resident in the United Kingdom is drawn to the “controlled foreign companies” provisions contained in sections 747 to 756 of the Taxes Act. If the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes, these provisions might apply to any company so resident that has an interest in the Company such that 25 per cent. or more of the Company’s profits for an accounting period could, under these provisions, be apportioned to it and persons associated with it. The effect of these provisions could be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed income and profits of the Company. The United Kingdom Government is considering options for reforming the controlled foreign companies legislation but has not indicated in detail what any such reform would involve or when it would be introduced.

Section 13 of the Taxation of Chargeable Gains Act 1992 (“TCGA”)

The attention of United Kingdom investors resident or ordinarily resident in the United Kingdom is drawn to the provisions of section 13 of the TCGA under which, in certain circumstances, a portion of the capital gains realised by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Shares. The capital gains attributed to the investor may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the investor.

Individual Savings Accounts (“ISA”) and Personal Equity Plans (“PEP”)

Shares will not be eligible to be held in the stocks and shares component of an ISA or an existing PEP.

Registered Pension Schemes

Shares will be eligible to be held in a registered pension scheme.

(c) Other jurisdictions

Prospective investors that are resident or domiciled in, or nationals of, jurisdictions other than the United Kingdom should consult their own professional tax advisers as to the tax consequences of the acquisition, ownership and disposal of Shares.

(d) United Kingdom Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax (“SDRT”) will be payable on the issue of the Shares.

Provided the Shares are not registered in any register maintained in the United Kingdom by or on behalf of the Company, no SDRT is required to be charged on any agreement to transfer Shares. The Company currently does not intend to maintain any such register in the United Kingdom. Whilst certain transfers of Shares may be subject to stamp duty, in practice there is unlikely to be a need for such transfers to be stamped.

The above statements regarding United Kingdom stamp duty and SDRT are general in nature and do not apply to certain persons such as market makers, intermediaries or persons connected with depositary or clearance services, to whom special rules may apply.

15. GENERAL

- (a) No governmental, legal or arbitration proceedings have, or have had, during the 12 months preceding the date of this Admission document, a significant effect on the financial position or profitability of the Company and, so far as the Company is aware, no such proceedings are pending or threatened by or against the Company.
- (b) The Directors confirm that, save as disclosed in Part III and Part IV of this Admission document, there has been no significant change in the financial or trading position of the Company since the date of its incorporation.
- (c) Since the date of incorporation of the Company, save as disclosed in this Admission document, no person (excluding professional advisers otherwise disclosed in this Admission document) has received directly or indirectly from the Company, or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- (d) The accounting reference date of the Company is 30 June.
- (e) The Company has not since its incorporation, and does not expect that it will have, any employees, own any premises or enter into any leases in respect of premises.
- (f) The registered office and principal place of business of the Company is 1 Le Marchant Street, St Peter Port, Guernsey GY1 4HP.
- (g) Any dividends on the B Shares will be paid to B Shareholders on the register of members on the record date for such dividend. Such record date will normally be between four and six weeks before the date of payment of the dividend.
- (h) The net proceeds of the Placing are estimated to be between £9.65 million and £73.12 million. The costs and expenses of, and incidental to, the Placing and Admission (including professional fees, commissions, printing costs, disbursements, fees payable to registrars, and the fees payable to the London Stock Exchange) are estimated to be between £0.35 million and £1.88 million, depending on the level of subscriptions under the Placing (equivalent to 3.5 per cent. and 2.5 per cent. respectively of the aggregate Placing Price of the B Shares). Of these amounts, the remuneration of financial intermediaries is estimated to be between £0.1 million and £1.0 million and UK stamp duty and/ or stamp duty reserve tax is estimated to be between £0.05 million and £0.38 million. All of the expenses of the Placing are attributable to the B Class Fund.

- (i) The annual expenses payable by the Company in the financial period ending 30 June 2009 (including professional fees, fees payable to registrars, and the fees payable to the London Stock Exchange) are estimated to be approximately £700,000 to £900,000 per annum (exclusive of VAT), dependent upon the amount raised by the Placing. The annual expenses will be allocated to the Class Funds in the manner described in the paragraph headed “Annual Expenses” in Part III of this Admission document.
- (j) Deloitte LLP, which is a member of the Institute of Chartered Accountants in England and Wales, is registered in England and Wales as a limited liability partnership under the number OC303675 and its registered office is at 2 New Street Square, London EC4A 3BZ.
- (k) Deloitte Corporate Finance, a division of Deloitte LLP, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion in this Admission document of its name and the references thereto in the form and context in which they appear. Deloitte Corporate Finance is acting exclusively for the Company in connection with the Admission and not for any other persons. Deloitte Corporate Finance will not be responsible to any persons other than the Company for providing the protections afforded to customers of Deloitte Corporate Finance or for advising any such person in connection with Admission.
- (l) Marshall has given and not withdrawn its written consent to the inclusion in this Admission document of its name and the references thereto in the form and context in which they appear.
- (m) Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion of the Accountants’ Report set out in Part IV of this Admission document and of its name and the references thereto in the form and context in which they appear.
- (n) The Investment Manager and PVML have given and not withdrawn their written consent to the inclusion in this Admission document of their names and the references thereto in the form and context in which they appear.
- (o) The B Shares have not been marketed or made available to the public (although it is possible that market makers may participate in the Placing).
- (p) The Company’s custodian, The Northern Trust Company (company number FC006465) of 50 South LaSalle Street, Chicago, Illinois 60675, USA, is a banking corporation organised pursuant to the laws of the State of Illinois, United States of America and is subject to the jurisdiction of the courts (state and federal) in Cook County, Illinois. The Custodian was founded in 1889. For the purposes of the custodian agreement referred to in paragraph 13(k), the Custodian is operating through its branch in London (branch number BR001960) at 50 Bank Street, Canary Wharf, London E14 5NT (telephone number 0207 982 2000). The Custodian’s business in the UK is authorised and regulated by the FSA.
- (q) The auditors to the Company are Grant Thornton Limited of Anson Court, La Route des Camps, St Martin, Guernsey, GY1 3TF. Grant Thornton Limited is registered in Jersey as a limited liability company under the number 98924. Grant Thornton Limited is a member of the Institute of Chartered Accountants in England and Wales. Since incorporation no auditors have resigned, been removed or not been re-appointed.
- (r) Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU is a member of the Institute of Chartered Accountants in England and Wales is registered in England and Wales as a limited liability partnership under the number OC307742.
- (s) The Company will acquire securities in the Placing through a stock swap as described in Part III. Accordingly, Admission will only occur if securities with a value of at least £10 million are acquired pursuant to the Placing.
- (t) As described in paragraph 3(b)(ii) above the Company will not exercise legal or management control over investments, whether such investments are attributed to either the A Class Fund or the B Class Fund, and therefore will be a passive investor for the purposes of the AIM Rules.
- (u) The information sourced from the London Stock Exchange has been accurately reproduced and, as far as the Company is aware and is able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

- (v) The Company is not aware of the existence of any takeover bid or circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Shares. The Company is subject to the City Code on Takeovers and Mergers.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected during usual business hours on any Business Day at the offices of Debevoise & Plimpton LLP, Tower 42, Old Broad Street, London EC2N 1HQ during the period of one month from the date of Admission pursuant to the Initial Placing or, if longer, until the close of the Placing:

- (a) the Amended Articles;
- (b) the material contracts referred to in paragraph 13 above;
- (c) the Directors' letters of appointment referred to in paragraph 8 above;
- (d) the accountants' report set out in Part IV;
- (e) the Statement of Principles issued by the Institutional Shareholders' Committee in October 2002;
- (f) this Admission document; and
- (g) the consent letters described in paragraphs 15(k) to (n).

17 AVAILABILITY OF THIS ADMISSION DOCUMENT

Copies of this Admission document are available free of charge for collection from Marshall Securities Limited, 145-157 St John Street, London EC1V 4RE and from the Company's registered office for a period of one month from the date of Admission pursuant to the Initial Placing. Copies of this Admission document, the Articles and the Amended Articles may also be downloaded from the Company's website: www.brookwellimited.com.

PART VI

SUMMARY OF AMENDMENTS TO THE ARTICLES

The principal amendments to the Articles (as provided for in the Amended Articles) are as follows:

- 1 the provision for separate classes of Shares (with consequential amendments, including, without limitation, to the articles dealing with borrowing limits, determination of NAV per share, redemptions and winding-up, in each case to reflect the establishment of separate classes of Shares);
- 2 the provision for separate Class Funds;
- 3 the amendment of the provisions relating to dividends so that they are payable by reference to a solvency test rather than a profits test;
- 4 the amendment of the provisions relating to disclosure of directors' interests to reflect the latest provisions of the Guernsey Law;
- 5 the amendment of the provisions relating to directors' indemnities to reflect the latest provisions of the Guernsey Law;
- 6 the amendment of the provisions relating to the variation of class rights and the quorum at class and general meetings of the Company to reflect the current provisions of the Guernsey Law; and
- 7 the Articles of Association are renamed Articles of Incorporation in accordance with the Guernsey Law.

The Amended Articles are available on the Company's website. The website address is www.brookwelllimited.com.

PART VII
CLASS FUND RULES

1. CLASS FUND RULES FOR THE A CLASS FUND

In accordance with, and subject to, the Amended Articles and subject to Shareholder Approval, the following Class Fund Rules will be adopted in respect of the A Class Fund (with references herein to A Shares being references to the Existing Shares):

Currency in which A Shares are denominated:	Pound sterling
Currency in which the assets and liabilities of the A Class Fund are valued:	Pound sterling
Initial subscription period in respect of the A Shares:	As set out under the heading “The Placing” on pages 19-20 of the Flotation Document
Details of the terms and conditions, and the procedures to be observed in connection with, the allotment and issue of A Shares:	As set out under the heading “The Placing” on pages 19-20 of the Flotation Document
Any prohibition or condition, in addition to those contained in the Amended Articles, applicable to the transfer of A Shares:	Not applicable
Investment policies and powers of, and limitations on the investment of the assets attributed to, the A Class Fund:	As set out under the headings “Objective” and “Investment Restrictions” on pages 11 and 25-27, respectively, of the Flotation Document
Limits on borrowing, in addition to those contained in the Amended Articles, applicable to the A Class Fund:	Not applicable
Distribution policy and details as to the manner of, and matters relating to the making of, distributions out of the assets attributed to the A Class Fund:	As set out under the headings “Use of net proceeds of realisations”, “Redemption of Shares” and “Dividend policy” on pages 14-15 of the Flotation Document
Method of calculation of the price or prices, by reference to net asset value or otherwise, at which A Shares may be allotted or redeemed by the Company or sold or purchased:	As set out in Part V, paragraph 6 of this Admission document
Details of any further designation by way of class and/or series of A Shares:	Not applicable
Identity of any administrator, custodian or investment manager engaged or to be engaged to provide services that relate to the A Class Fund:	Administrator – Legis Corporation Services Limited UK Administration Agent – Cavendish Administration Limited Custodian – The Northern Trust Company Investment Manager – Progressive AIM Realisation Limited
Other matters:	Any change in the identity of the investment manager is subject to the approval, by way of ordinary resolution, of members holding A Shares. Any amendment to, or alteration of, the fee arrangements relating to the Investment Manager as described in Part V, paragraph 11 of this Admission document, is subject to the approval, by way of ordinary resolution, of members holding A Shares.

Amendment of Class Fund Rules. Once Class Fund Rules have been adopted for a class of Shares then such Class Fund Rules may be varied or rescinded only with the sanction of an ordinary resolution of the holders of Shares, if any, of the relevant class provided that Class Fund Rules may be varied or rescinded without requiring the sanction of the holders of Shares of the relevant Class, if such variation or rescission is to correct a manifest error or is necessary to enable the Company to comply with fiscal or other statutory requirements or applicable regulatory rules or regulations, in each case, actual or proposed, or if the Directors certify that such variation or rescission does not materially prejudice the interests of the holders, if any, for the time being, of the Shares of the relevant class or any of them and does not operate to a material extent to release any person from any responsibility to any such holders.

2. CLASS FUND RULES FOR THE B CLASS FUND

In accordance with, and subject to, the Amended Articles, the Directors will adopt the following Class Fund Rules in respect of the B Class Fund:

Currency in which B Shares are denominated:	Pound sterling
Currency in which the assets and liabilities of the B Class Fund are valued:	Pound sterling
Initial subscription period in respect of the B Shares:	As set out under the heading “The Placing” in Part III of this Admission document
Details of the terms and conditions, and the procedures to be observed in connection with, the allotment and issue of B Shares:	As set out under the heading “The Placing” in Part III of this Admission document
Any prohibition or condition, in addition to those contained in the Amended Articles, applicable to the transfer of B Shares:	Not applicable
Investment policies and powers of, and limitations on the investment of the assets attributed to, the B Class Fund:	As set out under the headings “Objective” and “Investment Restrictions” in Part III and Part V, paragraph 3, respectively, of this Admission document
Limits on borrowing, in addition to those contained in the Amended Articles, applicable to the B Class Fund:	Not applicable
Distribution policy and details as to the manner of, and matters relating to the making of, distributions out of the assets attributed to the B Class Fund:	As set out under the headings “Use of net proceeds of realisations”, “Redemption of Shares” and “Dividend policy” in Part III of this Admission document
Method of calculation of the price or prices, by reference to net asset value or otherwise, at which B Shares may be allotted or redeemed by the Company or sold or purchased:	As set out in Part V, paragraph 6 of this Admission document
Details of any further designation by way of class and/or series of B Shares:	Not applicable
Identity of any administrator, custodian or investment manager engaged or to be engaged to provide services that relate to the B Class Fund:	Administrator – Legis Corporate Services Limited UK Administration Agent – Cavendish Administration Limited Custodian – The Northern Trust Company Investment Manager – Progressive AIM Realisation Limited
Other matters:	Any change in the identity of the investment manager is subject to the approval, by way of ordinary resolution, of members holding B Shares.

Any amendment to, or alteration of, the fee arrangements relating to the Investment Manager as described in Part V, paragraph 11 of this Admission document, so far as such amendment or alteration relates to the B Class Fund is subject to the approval, by way of ordinary resolution, of members holding B Shares.

Amendment of Class Fund Rules. Once Class Fund Rules have been adopted for a class of Shares then such Class Fund Rules may be varied or rescinded only with the sanction of an ordinary resolution of the holders of Shares, if any, of the relevant class provided that Class Fund Rules may be varied or rescinded without requiring the sanction of the holders of Shares of the relevant Class, if such variation or rescission is to correct a manifest error or is necessary to enable the Company to comply with fiscal or other statutory requirements or applicable regulatory rules or regulations, in each case, actual or proposed, or if the Directors certify that such variation or rescission does not materially prejudice the interests of the holders, if any, for the time being, of the Shares of the relevant class or any of them and does not operate to a material extent to release any person from any responsibility to any such holders.

PART VIII

DEFINITIONS

“Admission”	admission of the B Shares, issued pursuant to the Initial Placing or the Supplemental Placing (as the context requires), to trading on AIM
“Admission document”	this document which comprises a circular and an admission document which has been drawn up in accordance with the AIM Rules;
“ADVARC”	Advance Value Realisation Company Limited
“AIM”	AIM, the London Stock Exchange’s market for smaller and growing companies
“AIM Company”	a company whose securities, or a class of whose securities, are admitted to trading on AIM
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
“AIM Securities”	securities currently admitted to trading on AIM
“AIMVARC”	Advance AIM Value Realisation Company Limited
“Amended Articles”	the articles of incorporation of the Company to be adopted subject to Shareholder Approval
“Articles”	the articles of association of the Company adopted on 28 May 2008
“A Class Fund”	the Class Fund established in accordance with the Amended Articles that is attributable to the Existing Shares
“A Shares”	the Existing Shares
“B Class Fund”	the Class Fund established in accordance with the Amended Articles that is attributable to the B Shares
“B Share Capital Returns”	the lower of 100p per B Share and the net amount paid per B Share by the Company on the redemption of that B Share or by way of capital distribution
“B Shareholders”	holders of B Shares
“B Shares”	the participating redeemable preference shares of no par value in the Company carrying the rights described in Part V of this Admission document and issued and designated as B Shares
“Bloomberg”	the screen based pricing system made available by Bloomberg L.P., a limited partnership established under the laws of the State of Delaware, US, or entities controlled by it
“Board”	the board of directors of the Company
“Brookwell” or “the Company”	Brookwell Limited
“Business Day”	a day on which the London Stock Exchange is open for business
“Certificated”	not Uncertificated
“Certificated form”	not Uncertificated form
“City Code”	the City Code on Takeovers and Mergers
“Class Fund”	means assets and liabilities of the Company attributed in the books of the Company to a class of Shares
“Class Fund Rules”	the rules established for a Class Fund pursuant to, and in accordance with, the Amended Articles
“Combined Code”	the Principles of Good Governance and the Combined Code on Corporate Governance, published in June 2006 by the Financial Reporting Council

“CREST”	the system of paperless settlement of trades and the holding of Uncertificated securities administered by Euroclear UK & Ireland Limited
“CREST Guernsey Requirements”	Rule 8 and such other of the rules and requirements of Euroclear UK & Ireland Limited as may be applicable to issuers as from time to time specified in the CREST Manual
“CREST Manual”	the document entitled “CREST Reference Manual” issued by Euroclear UK & Ireland Limited
“CREST UK system”	the facilities and procedures for the time being of the relevant system of which Euroclear UK & Ireland Limited has been approved as Operator pursuant to the regulations
“Custodian”	The Northern Trust Company
“Deloitte Corporate Finance” or “Nominated Adviser”	Deloitte Corporate Finance, a division of Deloitte LLP, acting as nominated adviser to the Company
“Directors”	the directors of the Company at the date of this Admission document whose names are set out on page 8 herein
“Existing Shareholders”	holders of Existing Shares
“Existing Share Capital Returns”	the lower of 100p per Existing Share and the net amount paid per Existing Share by the Company on the redemption of that Existing Share or by way of capital distribution
“Existing Shares”	the participating redeemable preference shares of no par value in the Company in issue at the date of this Admission document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened on 29 January 2009, notice of which is set out at the end of this Admission document
“Flotation”	the admission of the Existing Shares to trading on AIM which occurred in June 2008 (in respect of the initial placing of Existing Shares) and July 2008 (in respect of the supplemental placing of Existing Shares)
“Flotation Document”	the admission document dated 6 June 2008 issued by the Company in connection with the Flotation
“Founder Shares”	shares of £1 nominal value each in the Company which carry no rights to dividends and, on a winding up, an entitlement only to the return of the amounts paid up thereon (including any premium)
“FSA”	the UK Financial Services Authority
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“Guernsey Law”	the Companies (Guernsey) Laws, 1994 to 1996, as amended by the Companies (Guernsey) Law, 2008, as amended
“Initial Placing”	the placing by Marshall of B Shares as described in the sub-paragraph headed “The Initial Placing” in Part III of this Admission document
“Investment Management Agreement”	the agreement dated 6 June 2008 between (1) the Company and (2) the Investment Manager and, where relevant, the variation agreement dated 15 January 2009, details of which are set out in paragraph 11 of Part V of this Admission document
“Investment Manager” or “PARL”	Progressive AIM Realisation Limited, a company limited by shares, domiciled and incorporated in England and Wales with registered number 3916234, which is authorised and regulated by the FSA
“Investment Manager’s Group”	PMIB Limited and its subsidiaries
“Investments”	Qualifying Securities acquired by the Company pursuant to the Placing or by subsequent exchange of investments for other Qualifying Securities
“Legis” or “the Administrator”	Legis Corporate Services Limited

“Listing Rules”	the Listing Rules of the UK Listing Authority
“Listed Securities”	securities currently admitted to the Official List and to trading on the Main Market
“London Stock Exchange”	London Stock Exchange plc
“Main Market”	the London Stock Exchange’s market for larger and established companies
“Marshall”	Marshall Securities Limited, the broker to the Company, which is authorised and regulated by the FSA
“Net Asset Value” or “NAV”	the value, as at any date, of the assets of the Company after deduction of all liabilities (including provisions and accrued liabilities)
“NAV attributable to the B Shares”	the Net Asset Value attributable to the B Shares, calculated in the manner described in paragraph 6 of Part V of this Admission document
“NAV attributable to the Existing Shares”	the Net Asset Value attributable to the Existing Shares, calculated in the manner described in paragraph 6 of Part V of this Admission document
“NAV per B Share”	the NAV attributable to the B Shares divided by the number of B Shares in issue
“NAV per Existing Share”	the NAV attributable to the Existing Shares divided by the number of Existing Shares in issue
“NAV per Share”	the NAV divided by the number of Shares in issue
“Official List”	Official List of the UK Listing Authority
“Operator”	a person approved by the Treasury under the Regulations as operator of a relevant system
“PAML”	Progressive Asset Management Limited, a company limited by shares, domiciled and incorporated in England and Wales, with the registered number 3249346
“Placing”	the Initial Placing and any Supplemental Placing
“Placing Agreement”	the agreement dated 15 January 2009 between (1) the Company (2) the Investment Manager (3) Deloitte Corporate Finance (4) Marshall and (5) the Directors, details of which are set out in paragraph 12 of Part V of this Admission document
“Placing Price”	100p per Share
“PMIB”	PMIB Limited, a company limited by shares, domiciled and incorporated in England and Wales, with registered number 2009050
“Progressive Group”	Progressive Asset Management Limited and its subsidiaries
“Prospectus Rules”	the Prospectus Rules published by the FSA pursuant to section 73A of FSMA
“PVML”	Progressive Value Management Limited, a company limited by shares, domiciled and incorporated in England and Wales with registered number 3859279, which is authorised and regulated by the FSA
“Qualifying Securities”	securities which are not excluded by any of the mandatory criteria described in paragraph 3(a) of Part V of this Admission document and which, in the opinion of the Company on the advice of the Investment Manager, are suitable to be Investments in the light of the discretionary criteria set out in such paragraph
“Reference Date”	(a) until 31 December 2009, the date on which the B Shares allotted pursuant to the Supplemental Placing are admitted to trading on AIM, provided that, if there is no Supplemental Placing, the date on which the B Shares allotted pursuant to the Initial Placing are admitted to trading on AIM, and (b) thereafter, 31 December 2009 and 31 December of each subsequent year

“Registrar”	Capita Registrars (Guernsey) Limited
“Regulations”	the Uncertificated Securities Regulations 2001 of the United Kingdom including any modification or re-enactment thereof for the time being in force
“Regulatory Information Service”	a regulatory information service that is on the list of regulatory information services maintained by the FSA
“Related Financial Product”	any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Shares, including a contract for difference or a fixed odds bet
“Resolution”	the special resolution contained in the notice convening the EGM set out at the end of this Admission document
“SAVR”	Second Advance Value Realisation Company Limited
“Shareholder Approval”	approval of the Resolution by the requisite number of Existing Shareholders
“Shareholders”	holders of Shares
“Shares”	the participating redeemable preference shares of no par value in the Company carrying the rights described in Part V of this Admission document
“Supplemental Placing”	the potential placing by Marshall of further B Shares described in the sub-paragraph headed “The Supplemental Placing” in Part III of this Admission document
“TAVR”	Third Advance Value Realisation Company Limited
“UK Administration Agent”	Cavendish Administration Limited
“UK Companies Act”	the UK Companies Act 2006, as amended
“UK Listed Equity Market”	the FTSE 100 Index, the FTSE 250 Index, the FTSE SmallCap Index and the FTSE Fledgling Index
“UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of admissions to the Official List
“Uncertificated” or “Uncertificated form”	recorded on the Company’s share register as being held in uncertificated form, title to which, by virtue of the Regulations, is to be transferred by means of CREST
“United States” or “US”	the United States of America (including the States and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction

NOTICE OF EXTRAORDINARY GENERAL MEETING

Brookwell Limited

*(Incorporated in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996,
as amended with registered number 48958)*

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Brookwell Limited (the “Company”) will be held at 9.00 a.m. on 29 January 2009 at the offices of Legis Corporate Services Limited, 1 Le Marchant Street, St Peter Port, Guernsey GY1 4HP, for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

1. the Company’s Memorandum and Articles of Association be replaced in their entirety by the Memorandum and Articles of Incorporation in the form described in the circular dated 15 January 2009 accompanying this Notice of Extraordinary General Meeting (the “Circular”) a copy of which is to be initialled by the Chairman of the meeting for identification purposes;
2. the Company’s participating redeemable preference shares of no par value each in issue at the date of this meeting be designated as A Shares, a class fund to be called the “A Class Fund” be established and attributed to the A Shares, and the Company’s assets and liabilities (other than the amount paid up on the Company’s Founder Shares and any liabilities of the Company considered by the directors of the Company to be incurred in the adoption of the Articles of Incorporation, the designation of the participating redeemable preference shares of no par value each in issue at the date of this meeting as A Shares and the issue, placing and admission to trading on AIM of the Company’s participating redeemable preference shares of no par value each to be issued and designated as B Shares) shall be allocated to the “A Class Fund”; and
3. for the purposes of Article 9 of the Company’s Articles of Incorporation, the Class Fund Rules of the A Class Fund shall be as stated in the Circular.

The text of the Memorandum and Articles of Incorporation proposed for adoption at the extraordinary general meeting, together with a form, blacklined from the Company’s existing Memorandum and Articles of Association are available for inspection on www.brookwelllimited.com and will be tabled at the extraordinary general meeting.

Dated: 15 January 2009

Registered Office:
1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP
Channel Islands

By Order of the Board
Legis Corporate Services Limited
Administrator

Notes:

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude members from attending or voting at the meeting, if they so wish. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A member may appoint more than one proxy provided each proxy is appointed to exercise voting rights in respect of a different share or shares held by him.
2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited at the UK office of the Company’s Registrar, Capita Registrars, at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time for holding the Meeting.
3. CREST members may utilise the CREST proxy appointment service by following the directions set out on the form of proxy. Completion and return of the form of proxy will not prevent a Shareholder from subsequently attending the meeting and voting in person if he so wishes.
4. A holder of Shares must first have his or her name entered on the register of members not later than 4.30 p.m. on 27 January 2009. Changes to entries in that register after that time shall be disregarded in determining the rights of any holders to attend and vote at such meeting.

