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This document comprises the Listing Document for the purposes of the application for the admission of the Ordinary Shares of South African Property Opportunities plc ("the Company") to the Daily Official List of the Channel Islands Stock Exchange, LBG ("the Channel Islands Stock Exchange" or "the CISX") and includes particulars given in compliance with the Listing Rules of the Channel Islands Stock Exchange for the purpose of giving information with regard to the issuer in relation to the admission and listing of Ordinary Shares on the Channel Islands Stock Exchange.

The CISX has been recognised by the UK HM Revenue & Customs under Section 841 of the Income & Corporation Taxes Act 1988 and approved by the UK Financial Services Authority as a Designated Investment Exchange within the meaning of the Financial Services and Markets Act 2000.

It is expected that the Ordinary Shares of the Company issued pursuant to the Placing will be admitted to listing and to trading on the CISX and that dealings will commence in the Ordinary Shares on 26 October 2006. Carey Commercial Limited is acting as sponsoring member in relation to the application for the listing of the Ordinary Shares.

Neither the admission of the Ordinary Shares to the Daily Official List nor the approval of this document pursuant to the listing requirements of the Channel Islands Stock Exchange shall constitute a warranty or representation by the Channel Islands Stock Exchange as to the competence of the service providers to, or any party connected with, the Company, the adequacy and accuracy of the information contained in this document or the suitability of the Company for investment or for any other purpose.

This document is an admission document required by the rules of the AIM, a market of the London Stock Exchange plc. This document does not comprise a Prospectus for the purposes of the Prospectus Rules issued by the Financial Services Authority. This document is issued in connection with a "private placement" within the meaning of the Isle of Man Companies (Private Placement) (Prospectus Exemptions) Regulations 2000 and, accordingly, is exempt from the provisions of the Isle of Man relating to the content of prospectuses and other technical rules relating to prospectuses. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Stephenson Harwood, One, St. Paul's Churchyard, London EC4M 8SH from the date of Admission for a period of one month in accordance with Rule 3 of the AIM Rules.

The Directors of the Company, whose names appear on page 7 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Ordinary Shares issued and to be issued pursuant to the Placing to be admitted to trading on AIM. 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 UKLA. The rules of AIM are less demanding than those of the Official List of the UKLA. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List of the UKLA. A prospective investor should be aware of the potential 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. Further, the London Stock Exchange has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in the Ordinary Shares will commence on the CISX and AIM, on 26 October 2006.

Your attention is drawn in particular to the section entitled "Risk Factors" in Part II of this document.

South African Property Opportunities plc

(Incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 with registered number 117001C)

Placing of up to 50 million ordinary shares of 1p each at 100p per share

Admission to trading on the CISX and AIM

Nominated Adviser, Broker and Placing Agent

Teather & Greenwood Limited

CISX Listing Sponsor

Carey Commercial Limited

Teather & Greenwood Limited, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Teather & Greenwood Limited will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Teather & Greenwood Limited nor for providing advice in relation to the transactions and arrangements detailed in this document. The responsibilities of Teather & Greenwood Limited as the Company's Nominated Broker and Nominated Adviser for the purposes of the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Teather & Greenwood Limited is not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, Republic of South Africa or Japan. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia, Republic of South Africa or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

No Ordinary Shares have been offered or sold, or will be offered or sold, to the public in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the "Prospectus Directive") prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the relevant Member State or, where appropriate, approved by the competent authority in another Member State and notified to the competent authority in the relevant Member State, all in accordance with the Prospectus Directive except: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43,000,000; and (ii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

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PLACING STATISTICS

Placing Price	100p
Number of Ordinary Shares being issued pursuant to the Placing	up to 50 million
Estimated expenses of the Placing payable by the Company*	£1.50 million
Estimated net proceeds of the Placing receivable by the Company*	£48.50 million
Market capitalisation at the Placing Price*	£50 million

** assuming the Placing is fully subscribed*

EXPECTED PLACING AND ADMISSION TIMETABLE

Admission to trading on AIM and to listing and trading on the CISX and commencement of dealings	26 October 2006
CREST stock accounts credited (as applicable) and payment from placees in uncertificated form through CREST	26 October 2006
Definitive share certificates despatched (as applicable)	week commencing 30 October 2006

DEFINITIONS

“£” or “Sterling”	pounds sterling, the lawful currency from time to time of the United Kingdom
“Administrator”	Anglo Irish Fund Services Limited or such other administrator as may be appointed by the Company from time to time
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules and admission of the Ordinary Shares to listing on the Daily Official List of the CISX and to trading on the CISX in accordance with the CISX Rules
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the rules of AIM
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part IX of this document
“Board” or “Directors”	the board of directors of the Company including a duly constituted committee thereof
“CISX Rules”	the listing rules published by the CISX and which are applicable to securities listed on the CISX
“Channel Islands Stock Exchange” or “CISX”	the Channel Islands Stock Exchange, LBG
“Company”	South African Property Opportunities plc
“CPIX”	the South African consumer price index excluding interest on mortgage bonds, for metropolitan and other urban areas (Base 2000 = 100) published from time to time by Statistics SA in Statistical Release PO141.1
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“CREST Regulations”	the Uncertificated Securities Regulations 2005 in the Isle of Man
“Custodian”	Anglo Irish Bank Corporation (I.O.M.) P.L.C. or such other custodian as may be appointed by the Company from time to time
“Daily Official List of the CISX”	the list of securities or units admitted to listing on the CISX which is published by the CISX on a daily basis
“Exchange Control	the Exchange Control Department of the South African Reserve Bank
“Financial Services Authority” or “FSA”	the United Kingdom Financial Services Authority
“Group”	the Company and its subsidiaries
“Gross Asset Value”	the Net Asset Value plus borrowings

“Investment Adviser”	Proteus Property Advisors (Pty) Limited, a company registered and incorporated with limited liability in accordance with the laws of South Africa under registration number 2006/013774/07
“Investment Manager”	Proteus Property Partners Limited
“Law”	the Isle of Man Companies Acts 1931 to 2004 and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	the agreement dated 20 October 2006 between the Company and the Investment Manager as described in paragraph 7 of Part IX of this document
“Memorandum”	the memorandum of association of the Company
“Net Asset Value”	the net asset value of the Company
“Nominated Adviser Agreement”	the agreement dated 20 October 2006 between the Company and the Nominated Adviser as described in paragraph 7 of Part IX of this document
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placing”	the conditional placing by Teather & Greenwood on behalf of the Company of up to 50 million Ordinary Shares at 100p per share
“Placing Agent” or “Teather & Greenwood” or “Nominated Broker” or “Nominated Adviser”	Teather & Greenwood Limited
“Placing Agreement”	the agreement dated 20 October 2006 between the Company, the Investment Manager and Teather & Greenwood, relating to the Placing, as described in paragraph 7 of Part IX of this document
“Placing Price”	100p per Ordinary Share
“Placing Shares”	those Ordinary Shares issued pursuant to the Placing
“Proteus Property Group”	the Investment Manager and the Investment Adviser
“R” or “Rand”	the lawful currency from time to time of the Republic of South Africa
“Shareholders”	holders of Ordinary Shares
“South Africa” or “RSA”	the Republic of South Africa
“Strategic Adviser”	Sapling Property Investments (Pty) Ltd
“UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part 8 of the Financial Services and Markets Act 2000
“US” or “United States”	United States of America, its territories and possessions, any state of the United States and the District of Columbia

Note:

Amounts in Rand (R) have been translated into Pounds Sterling (£) on the basis of R13.90 : £1, being the prevailing exchange rate as at 13 October 2006.

DIRECTORS AND ADVISERS

Directors:	Quentin Spicer (<i>Non-executive Chairman</i>) Peter Milton Bester (<i>Non-executive</i>) David John Humbles (<i>Non-executive</i>) Brian Alan Myerson (<i>Non-executive</i>) Richard James Sunley Tice (<i>Non-executive</i>) all of the registered office below
Company Secretary:	Ian John Dungate
Registered Office:	Jubilee Buildings Victoria Street Douglas Isle of Man IM1 2SH
Investment Manager:	Proteus Property Partners Limited Secretariat Rue Kleberg 6 CH1201 Geneva Switzerland
Nominated Adviser, Broker and Placing Agent:	Teather & Greenwood Limited Beaufort House 15 St. Botolph Street London EC3A 7QR
Investment Adviser:	Proteus Property Advisors (Pty) Limited 1st Floor Block D 3A Summit Road Dunkeld West Johannesburg 2196 South Africa
Strategic Adviser:	Sapling Property Investments (Pty) Ltd 1st Floor Block D 3A Summit Road Dunkeld West Johannesburg 2196 South Africa
Channel Islands Sponsor:	Carey Commercial Limited PO Box 98 7 New Street St. Peter Port Guernsey GY1 4BZ
Administrator and Registrar:	Anglo Irish Fund Services Limited Jubilee Buildings Victoria Street Douglas Isle of Man IM1 2SH
English Legal Adviser to the Company and the Placing Agent:	Stephenson Harwood One, St. Paul's Churchyard London EC4M 8SH

Isle of Man Legal Adviser to the Company:	Dickinson Cruickshank 33 Athol Street Douglas Isle of Man IM1 1LB
Custodian:	Anglo Irish Bank Corporation (I.O.M.) P.L.C. Jubilee Buildings Victoria Street Douglas Isle of Man IM1 2SH
Auditors:	PricewaterhouseCoopers Sixty Circular Road, 3rd Floor Douglas Isle of Man IM1 1SA
South African Legal Adviser to the Company:	Routledge Modise Moss Morris 2 Pybus Road Cnr Rivonia Road Sandton Johannesburg South Africa
English Legal Adviser to the Investment Manager:	Kirkpatrick & Lockhart Nicholson Graham LLP 110 Cannon Street London EC4N 6AR
Offshore Registrar:	Capita Registrars (Jersey) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey JE2 3QA
South African Legal Adviser to the Investment Manager:	Jowell, Glyn & Marais Inc. Jowell, Glyn & Marais House 72 Grayston Drive Sandown Johannesburg South Africa

PART I

SUMMARY

THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO, THE ADMISSION DOCUMENT.

Any investment decision relating to the Placing should be based on the consideration of this Admission Document as a whole.

The Company

South African Property Opportunities plc was incorporated in the Isle of Man on 27 June 2006 and has been established to invest in the South African property market. The Company proposes an initial fund-raising of up to £50 million of equity capital for this purpose.

Investment Objective

The Company's investment objective is to achieve capital growth from an opportunistic portfolio of real estate assets in the Republic of South Africa.

Investment Strategy

The Company's strategy will be to generate attractive returns by targeting opportunities in the South African property market with a view to benefiting both from active portfolio management and underlying economic growth. Investments will be made throughout South Africa but concentrated in and around South Africa's economic hub, Gauteng. Investment elsewhere in Southern Africa may also be considered. The proceeds of the Placing are expected to be deployed within 18 months following Admission.

Investment Pipeline

The Investment Manager and the Investment Adviser have identified a number of suitable development and mezzanine opportunities in Johannesburg and elsewhere in South Africa in respect of which the Investment Manager and the Investment Adviser have entered into preliminary discussions on behalf of the Company. The Investment Manager and the Investment Adviser estimate that these opportunities in aggregate would require some £890 million, equating to investment by the Company of approximately £267 million based on the assumptions set out on page 18.

Investment Management

Proteus Property Partners Limited has been retained to provide investment management services to the Company. In order to assist it in performing its functions, it will receive non-discretionary advice from Proteus Property Advisors (Pty) Limited.

Market opportunity

The Directors and the Investment Manager believe that South African commercial investment property offers attractive income yields against a backdrop of South Africa's solid macroeconomic fundamentals. At the same time, property development opportunities and returns are being driven by increasing urbanisation and the rapid emergence of a black middle class. The Investment Manager and the Directors consider Black Economic Empowerment ("BEE") to be integral to the transformation of the property sector in South Africa. To this end, the Company has engaged the Strategic Adviser to facilitate the Company's participation in this important segment of the market. The Investment Manager and the Directors believe that this arrangement should facilitate attractive opportunities going forward.

The Directors

The Board consists of Quentin Spicer (Chairman), Peter Bester, David Humbles, Brian Myerson and Richard Tice. Further details are set out in Part V of this document.

Fees and expenses

The Investment Manager will receive an annual management fee of 2 per cent. of the Net Asset Value payable quarterly in advance.

In addition, the Investment Manager is entitled to a performance fee of 20 per cent. of the increase in net asset value per Ordinary Share so long as a 12 per cent. hurdle (compounded annually) is met. 25 per cent. of any performance fee will be satisfied by the issue of new Ordinary Shares, credited as fully paid, the balance in cash. Further details are set out under the heading "Management Fee and Performance Fee" on page 33 and in paragraph 7.1 of Part IX of this document.

Dividend policy

The Directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income, and accordingly there can be no certainty that any dividend will be paid. It is not expected that the Company will pay any significant dividends in the early years of its operations. However, the Directors reserve the right to make dividend distributions to holders of Ordinary Shares if and when it is considered appropriate.

Life of Company

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, an ordinary resolution for the continuation of the Company will be proposed at the annual general meeting of the Company to be held in respect of the year ended 30 June 2013 and, if passed, every three years thereafter. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reorganised or unitised.

Borrowings

The Company intends to make use of debt facilities and local currency as and when required, both in funding directly held properties and new developments. The borrowings of the Group secured against portfolio assets will be in Rand. The overall level of borrowings on the Company's portfolio, at the date on which any borrowing is incurred, is not expected to exceed 70 per cent. (loan to value). In effecting local Rand borrowings and using South African assets as security for external borrowings, the Exchange Control regulations must be complied with and in certain instances Exchange Control approval will be required.

Hedging

The Directors do not presently intend to implement a hedging policy and accordingly the value of the Company's assets and the amount of profits available for distribution will be affected by movements in the Rand against Sterling.

Risk factors

Potential investors should consider carefully the risk factors set out in Part II of this document, together with all information set out in this document and their own circumstances, before deciding to invest in the Company.

PART II

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under the Financial Services and Markets Act 2000 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 and tax requirements in South Africa as well as overall global financial conditions.

This is a high risk investment and investors may lose a substantial portion or even all of the money they invest in the Company. An investment in the Company is, therefore, suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

Investors should also take their own tax advice as to the consequences of their owning shares in the Company as well as receiving returns from it. No representation or warranty, express or implied, is given to investors as to the tax consequences of their acquiring, owning or disposing of any shares in the Company and neither the Company, the Directors, the Investment Manager, the Nominated Adviser, nor the Investment Adviser will be responsible for any tax consequences for any such investors.

Nature of the Company's investments

An investment in the Company requires a long-term commitment, with no certainty of return. Many of the Company's investments will be highly illiquid and there can be no assurance that the Company will be able to realise such investments in a timely manner. Consequently, disposals of such investments may require a lengthy time period or may result in distributions in specie to Shareholders. The Company may invest in securities and other financial instruments using strategies and investment techniques having significant risk characteristics. Since the Company may only make a limited number of investments and since the Company's investments may involve a high degree of risk, the Company may lose all or substantially all of its investment in any particular instance. Shareholders may lose their entire investment, including principal. Notwithstanding a possible winding up of the Company in 2013, realisation of the Company's assets may take a significant amount of time as a result of the illiquid nature of its underlying investments.

Property risk

Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations may be subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. The performance of the Company would be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields. In the event that tenants leave for whatever reason then the Company will suffer a rental shortfall and incur additional cost, including legal expenses, agents commission in re-letting the property, maintenance and insurance costs until the property is fully occupied.

Any future property market recession could materially and adversely affect the value of properties. Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, certain significant expenditures, including operating expenses, rates, taxes and levies, must be met by the owner even when the property is vacant. Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

Land and property ownership rights

Whilst the Company will use all reasonable endeavours to operate property owning structures that comply with the South African laws and regulations (as well as tax provisions) relating to land and property ownership by foreign companies as well as with a view to mitigating the tax effect of local tax regulations, there can be no guarantee that in the future South Africa will not adopt laws and regulations, which could include land reform or redistribution, which may adversely impact on the Company's ability to own and operate land and property. Accordingly, in such circumstances, the returns to the Company may be materially and adversely affected.

Property interests may be held either directly by the Company or through special purpose vehicles controlled by the Company and will not form a part of the assets for which the Custodian is responsible under the terms of the custodian agreement. Accordingly the protection offered by having assets held by the Custodian will not be available in respect of these assets.

Development risk

The returns of the Company will be subject to the risks associated with the risks of the development of real estate projects. These risks include:

- the risk relating to project financing. The release of bank financing will be staged and conditional upon milestones in the development being reached. In the event that the development does not proceed as expected (due to unexpected factors such as landslip, accident, supplier default or planning etc.), the bank may refuse to provide further financing. If the Company is unable to arrange alternative financing, it may not be possible to complete the development;
- the risk that planning consents are not obtained, or are delayed significantly, or are granted subject to uneconomic conditions;
- the risk that laws are introduced which restrict development and zoning rights;
- the risk that a development is significantly delayed or costs exceed budget due to unforeseen factors;
- the risk of unforeseen construction constraints (including geological, conservation, environmental and archaeological factors);
- the risk of legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers;
- the risk that building methods or materials prove to be defective;
- the risk that if a construction company used on a development becomes insolvent, that it may prove impossible to recover compensation; and
- the risk of fraud on the part of service providers or suppliers used on a development.

Difficulty of locating suitable investments

The activity of identifying, completing and realising attractive investments may from time to time be highly competitive and involve a high degree of uncertainty. The Company will be competing for investments with other real estate investment vehicles, as well as individuals, financial institutions and other institutional investors. There can be no assurance that the Company will be able to locate and complete investments that satisfy its rate of return objective or realise their values or that it will be able to fully invest its available capital.

Management

The continued success of the Company will depend to some extent on the continued services of the Investment Manager, Investment Adviser and Strategic Adviser, the loss of whose services could have a material adverse effect on the Company's performance.

Lack of binding agreements

The Company has not entered into any agreements in relation to the identified pipeline opportunities. The completion of each such acquisition or development depends upon, among other things, satisfactory completion of due diligence into each of the prospective acquisitions or developments and the execution and delivery of final and binding agreements in a form mutually satisfactory to all the parties. There is no guarantee that the results of due diligence will be satisfactory or that the Investment Manager will be able to negotiate final agreements on acceptable terms. If the Investment Manager is unable to negotiate such agreements for some of the developments contained in the identified investment pipeline, this may have an adverse effect on the Company.

Gearing

The Company will use borrowings in relation to its investments. The overall level of borrowings on the Company's portfolio, at the date on which any borrowing is incurred, is not expected to exceed 70 per cent. (loan to value). The extent of the borrowings and the terms thereof will depend on the Company's ability to obtain credit facilities and the lenders' estimate of the stability of each property's cash flow. Any delay in obtaining or failure to obtain suitable or adequate financing from time to time may impair the Company's ability to invest in suitable properties and achieve its intended portfolio size within the projected timeframe or at all, which may impact negatively on the Company's investment performance and the return to Shareholders.

The Company's borrowings will generally be secured against some or all of the assets held within the Company's subsidiaries, so far as practicable without recourse to the Company. However, any security provided by the assets of the South African subsidiaries will require Exchange Control approval. Whilst the use of borrowings should enhance the Net Asset Value where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. There is expectation that, in the short term, interest rates in South Africa will rise and if they do this could be disadvantageous to the Company both in terms of the cost of the Company's own borrowings and in terms of the potential wider impact on South Africa's economy and property market.

Any Rand borrowings from South African residents for investment by a South African subsidiary of the Company into residential property in South Africa or into an investment considered by Exchange Control to be a "portfolio investment", is limited to 100 per cent. of the total shareholder investment (effective capital) introduced in the subsidiary concerned. In other cases Rand borrowings will be limited to 300 per cent. of effective capital. These limits do not apply to foreign borrowings, although the terms applicable to foreign borrowings by the South African subsidiaries will require Exchange Control approval.

AIM and the CISX

The Ordinary Shares will be admitted to AIM and it is emphasised that no application is being made for admission of the Ordinary Shares to the Official List of the UKLA. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List of the UKLA. The rules of AIM are less demanding than those of the Official List of the UKLA. Further, the London Stock Exchange has not itself examined or approved the contents of this document. 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. Furthermore, the Ordinary Shares are also being listed and traded on the Channel Islands Stock Exchange. This exchange is likely to provide less liquidity than if those Ordinary Shares were traded on the London Stock Exchange.

Dividends

Any dividends will be dependent, *inter alia*, on sufficient distributable reserves being available to the Company and the financial position of the Company and any other relevant factors.

No guarantee as to future performance

There can be no assurance that the Company will be able to achieve the returns referred to in this document or that it will be fully invested within the timescales indicated.

Volatility of the value of the Company's assets

Investors should be aware that the value of the Company's assets and of its Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover any or all of their original investment, especially as the market in Ordinary Shares on AIM and the CISX may have limited liquidity. This volatility may be magnified by the effect of gearing.

In addition, the price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. These factors could include the performance of the Company's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

Country risk

It is expected that all of the investments will be in the Republic of South Africa or in other countries in Southern Africa and thus the Company will have a concentrated country exposure. Any problems in Southern Africa (and in particular the Republic of South Africa) may affect the Company's Net Asset Value.

Political, economic and social risk

Political, economic, social factors, changes in South African law and regulations and in the status of South Africa's relations with other countries may adversely affect the value of the Company's assets. In addition, the South African economy may differ favourably or unfavourably from other economies in several respects, including the rate of growth of GDP, the rate of inflation, resource self-sufficiency and balance of payments position. The occurrence of local unrest, or external tensions, could adversely affect South Africa's political and economic stability and, consequently, adversely affect the Company's investments.

Possible adverse economic conditions

The financial operations of the Company may be adversely affected by general economic conditions, by volatile market conditions applicable to markets generally or South Africa specifically, by conditions within the South African property market or by the particular financial condition of other parties doing business with the Company.

Currency risk

Potential investors will be exposing themselves to the Rand, which has appreciated over the past few years against the US Dollar but recently has come under pressure against major currencies including Sterling, US Dollar and the Euro and may depreciate further. Historically the Rand has been extremely volatile. The Company may hedge its currency exposure from time to time and the Company's investments will be geared in Rand, which should reduce the portfolio's currency exposure.

South African Exchange Control

Non-residents are exempt from the majority of the provisions of the South African Exchange Control Regulations (although South African subsidiaries and branches of foreign companies are treated as residents for exchange control purposes). Consequently, as a general rule, non-residents may freely invest in and divest from South Africa without restriction. All income is freely remittable abroad. It is, however, a requirement of the Exchange Control that share certificates representing shares held by a non-resident in a South African company be endorsed by one of the South African authorised dealers in foreign exchange with the words “non-resident” for as long as such shares are held by non-resident investors. If the South African subsidiaries are to be capitalised with debt instruments, Exchange Control approval of the interest/coupon rates (linked to the currency denomination of the instrument) and the repayment terms will be required. Any foreign borrowings by such subsidiaries will also require Exchange Control approval and the restrictions on local borrowings referred to above (“Gearing”) will be applicable.

Impact of law in governmental regulation

The Group will need to comply with regulations relating to the environment and health and safety. The institution and enforcement of such regulations could have the effect of increasing the expenditure relating to, lowering the income or rate of return from, as well as adversely affecting the value of, the Group’s assets. Changes in law relating to ownership of land could have an adverse effect on the value of Ordinary Shares. New laws may be introduced which may be retrospective and affect environmental and health and safety regulation.

Tax related risks

The tax regime applying in South Africa may change, thereby affecting the Company’s ability to invest in South African assets without suffering a material and adverse effect on its investments.

The tax regimes applying in the UK and Isle of Man may change, thereby affecting the Company’s tax treatment in these jurisdictions. The Company and the Investment Manager will attempt to structure the Company’s investments in a manner that is generally tax-efficient for the majority of Shareholders. However, there can be no assurance that the structure of the Company or of any investment will be tax-efficient for any particular Shareholder.

Shareholder tax

Investors should take their own tax advice as to the consequences of owning shares in the Company as well as receiving returns from it. In particular investors should be aware that ownership of shares in the Company can be treated in different ways in different jurisdictions. Due to the manner in which the Company may finance the acquisition of its property investments, a proportion of the income of the Company may be interest income or derived from interest income.

Regulatory regime and permits

The profitability of the Company will be in part dependent upon the continuation of a favourable regulatory climate with respect to its investments. The failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Company’s performance, as could delays caused in obtaining such consents due to objections from third parties.

New company

The Company was incorporated on 27 June 2006 and has no operating history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its investment objective. There can be no assurance that the Company will be able to achieve the returns referred to in this document. The Company’s board of directors are all non-executive. Greater reliance is therefore placed upon the Investment Manager, which itself is a newly incorporated entity, with no operating history upon which potential investors may base an anticipated performance of the Company.

Forward-looking statements

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Net Asset Value, present and future business strategies and income flows and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

PART III

THE COMPANY

Introduction

The Company, which has been incorporated in the Isle of Man, has been established to invest in the South African property market. The Company proposes an initial fund-raising of up to £50 million of equity capital for this purpose. Except for entering into the contracts described later in this document, the Company has not yet commenced trading.

Investment Objective

The Company's investment objective is to achieve capital growth from an opportunistic portfolio of real estate assets which may include commercial, industrial and residential properties in the Republic of South Africa.

Investment Management

Proteus Property Partners Limited (the "**Investment Manager**") has been retained to provide investment management services to the Company. In order to assist it in performing its functions, it will receive non-discretionary advice from Proteus Property Advisors (Pty) Limited (the "**Investment Adviser**") pursuant to an investment advisory agreement between the Investment Manager and the Investment Adviser. The Company shall also benefit from the advice of and access to government and public sector opportunities generated by the Strategic Adviser, pursuant to a strategic alliance agreement concluded between the Company and the Strategic Adviser. Further information on the Investment Manager, the Investment Adviser and the Strategic Adviser is set out in Part V of this document.

Investment Strategy

The Company's strategy will be to generate attractive returns by targeting opportunities in the South African property market with a view to benefiting both from active portfolio management and from underlying economic growth. The Directors and Investment Manager believe that South African commercial investment property offers attractive income yields against a backdrop of South Africa's solid macroeconomic fundamentals. At the same time, property development opportunities and returns are being driven by increasing urbanisation and the rapid emergence of a black middle class.

The Company intends to invest primarily in the following manner:

- "greenfield" developments including large mixed-use sites targeted to meet the demands of increased urbanisation;
- "brownfield" redevelopments targeted mainly at providing housing and amenities for the emerging black middle class;
- provision of mezzanine finance to existing investors and developers. This should provide access to immediate opportunities at attractive yields; and
- commercial investment property with attractive income yields.

The Company may also invest in special situation corporate opportunities (whether listed or not) where potential is perceived to generate returns from underlying properties. Investments will be made throughout South Africa but concentrated in and around South Africa's economic hub, Gauteng. Investment elsewhere in Southern Africa may also be considered. The proceeds of the Placing are expected to be deployed within 18 months following Admission.

The proportions to be made up of these different elements are likely to fluctuate according to market conditions and the availability of investment opportunities. The Investment Manager and the Directors understand the importance of BEE and the transformation of the property sector in South Africa. To this end they have engaged the Strategic Adviser to facilitate the Company's participation in this

important segment of the market. The Investment Manager and Directors believe that this arrangement will provide significant and attractive opportunities going forward.

There is no fixed period in which the Company is required to make an investment before being obliged to return funds to investors. Pending investment, any cash held by the Company may be held on deposit or invested in money market funds or other near-cash investments.

Investment Pipeline

The Company will invest in a mixture of development opportunities (both greenfield and brownfield), mezzanine finance opportunities and directly held income-producing commercial investment properties.

Development opportunities

The Investment Manager and Investment Adviser have identified a number of suitable development opportunities in Johannesburg and elsewhere in South Africa in respect of which they have entered into preliminary discussions on behalf of the Company, as briefly described below. The Investment Manager and the Investment Adviser estimate that these opportunities in aggregate would require some £890 million. This would equate to investment by the Company of approximately £267 million, assuming borrowings of 70 per cent. (loan to value) on the equity investments. Neither the Company, the Investment Manager nor the Investment Adviser has entered into any form of contract or other arrangement in respect of any of these projects.

Examples of development projects suitable for equity investment by the Company include:

- relocation of correctional services facility in Gauteng, and brownfield redevelopment of old site.
- 1,000 hectare coastal resort development in KwaZulu Natal.
- 44 hectare industrial park bordering Johannesburg to be developed into warehouses.
- Waterfall City industrial park, development of a 52 hectare industrial park north of Johannesburg.
- 13 hectares of prime commercial and residential land in Fourways, Johannesburg currently being zoned for development.
- vacant land adjacent to Johannesburg International Airport for the development of a mixed use industrial and commercial park.
- large residential development opportunity in Morningside, Johannesburg.
- Johannesburg central business district redevelopment opportunities.
- mixed use development east of Pretoria.
- 20,000m² warehouse and retail development opportunity in Maputo, Mozambique.
- 40,000m² low cost residential development opportunity in Blue Hills, Midrand.
- development of an industrial park on the KwaZulu Natal North coast.
- development of coastal sugar farm in KwaZulu Natal
- golf estate in Clarens, Free State
- Maloney's Eye: mixed use development northwest of Johannesburg, incorporating old age home
- purchase and redevelopment of 17 buildings on the Johannesburg CBD fringe for student accommodation
- renovation of existing building into Cape Town hotel
- purchase of Morningside shopping centre and development of residential accommodation on attached vacant land
- redevelopment of 10 hectares of industrial land near to Johannesburg International airport

Examples of development projects suitable for mezzanine investment by the Company include:

- new government mixed use precinct.
- municipal precinct development in Pretoria.
- game farm and fly fishing estate in KwaZulu Natal.

- facilitation of BEE portfolio acquisition.
- Emfuleni riverfront estate on the Vaal river, Gauteng.
- refurbishment of Municipal offices in Johannesburg.
- 232 hectare Balgowan country and equestrian estate development in KwaZulu Natal.

Commercial investment property

The commercial property market in South Africa is estimated to be around £34 billion with an estimated 100 million square metres of retail, industrial and office space. The Investment Manager believes that commercial investment property opportunities will be readily available to the Company for investment.

Sourcing Investments

The Investment Manager and the Investment Adviser will be responsible for identifying new investment opportunities that fall within the investment objective and policies of the Company. In addition to the potential investment opportunities already identified as described above, deal flow is expected to be enhanced by the wide network of contacts of the Investment Manager, the Investment Adviser and the Strategic Adviser, as well as by third party agents and business partners.

Investment Process

Following the identification of a potential new investment opportunity, the Investment Adviser, in conjunction with external advisers and partners as appropriate, will be tasked with preparing a detailed feasibility study which will aim to validate the quality and suitability of the opportunity. Should the Investment Adviser recommend the opportunity, the feasibility study and recommendation will be presented to the Investment Manager for an “in-principle” decision on whether to proceed with the investment on behalf of the Company. Final investment decisions will be made in accordance with procedures to be approved from time to time by the Board and, in any event where the total amount to be invested by the Company exceeds 15 per cent. of its net assets or there is a potential conflict of interest, Board approval will be required. Once an investment decision is made in principle, the Investment Manager, assisted by the Investment Adviser, as appropriate, will carry out due diligence on the proposed investments and finalise the terms of the investment prior to final approval by the Investment Manager and, if applicable, the Board. On an ongoing basis, the Investment Manager, assisted by the Investment Adviser, shall be responsible for managing and realising the investments and developments of the Company and its subsidiaries with a view to achieving optimum returns for the Company and its Shareholders. The Company intends to maintain a diversified portfolio and no more than 20 per cent. of its net assets will normally be invested in any single property.

As well as approving transactions as appropriate, the Directors will review the Company’s property portfolio on at least a quarterly basis and shall supervise the Investment Manager’s adherence with the Company’s investment objective and policies.

Co-Investment By Senior Executives of the Investment Adviser and the Investment Manager

In order to align their interests with those of Shareholders, unless the Board of the Company should otherwise agree in any particular case, each of Brian Smith, Richard Currie and Keith Wolstenholme will (save as below) co-invest R250,000 in each development project in which the Company invests (or, if a lower amount, 1.5 per cent. of the Company’s investment). Once a development is completed and in the event that the Company decides to hold the developed property as a commercial investment, each individual will have the right to require the Company to purchase his interest at fair market value as determined by third party valuers. In the event the Company chooses to sell a developed property once it is completed, the Company will be able to require each co-investor to sell his interests on the same basis as the Company.

No individual shall be required to co-invest if his aggregate exposure, taking account of other co-investment under these arrangements, but ignoring any which have been realised, would then exceed R1.5 million.

The co-investment arrangements described above shall be applicable for the first three years of the Company’s life and shall be subject to renewal for successive two year periods thereafter by agreement between the individuals concerned and the Board.

Dividend Policy

The Directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income, and accordingly there can be no certainty that any dividend will be paid. It is not expected that the Company will pay any significant dividends in the early years of its operations. However, the Directors reserve the right to make dividend distributions to holders of Ordinary Shares if and when it is considered appropriate.

Property Valuation Policy

The Directors will appoint one or more internationally recognised firms of surveyors as property valuers, who will value the property portfolio and other property related investments semi-annually. Investment properties held directly or indirectly by the Company will be valued on an open-market basis. Property developments which the Company has not completed as well as equity and mezzanine investments will be valued in accordance with guidelines approved by the Board. The Net Asset Value will be calculated half-yearly based on the half-yearly valuation of the property portfolio and other property related investments and calculated on the basis of IFRS. This valuation will be announced to Shareholders through a regulatory information service in the preliminary announcement of the Company's final and interim results, the first such announcement being for the period to 31 December 2006. The Investment Manager may also, at its discretion, arrange for additional valuations from time to time if market conditions warrant it.

All audited and unaudited Net Asset Value calculations shall be notified to the CISX as soon as practicable after calculation.

Financial Information and Reports

The Group's financial statements will be prepared in accordance with IFRS and reported in pounds Sterling.

The first accounting period of the Company will run until 30 June 2007 and, thereafter, accounting periods will end on 30 June in each year. It is expected that the audited annual accounts will be sent to Shareholders within five months of the year end to which they relate. Unaudited half-yearly reports, made up to 31 December, are expected to be announced within three months thereof. The first unaudited half-yearly report will cover the period from incorporation to 31 December 2006.

The audited annual accounts and half-yearly reports will also be available at the registered office of the Administrator and the Company.

Bank Borrowings

The Company intends to make use of debt facilities in local currency as and when required, both in funding directly held properties and new developments. The borrowings of the Group secured against portfolio assets will be in Rand.

In effecting local Rand borrowings and using South African assets as security for external borrowings, the Exchange Control regulations must be complied with and, in certain circumstances, Exchange Control approval will be required.

The Directors, on the advice of the Investment Manager, will decide on the level and terms of such debt facilities in respect of each asset or project depending on its nature and factors such as expected returns and risk. The overall level of borrowings on the Company's portfolio, at the date on which any borrowing is incurred, is not expected to exceed 70 per cent. (loan to value) although this may be higher on individual investments. It is the intention of the Directors that, as far as practicable, all borrowings will be secured against individual projects without recourse to the Company.

Hedging

The Directors do not presently intend to implement a hedging policy and accordingly the value of the Company's assets and the amount of profit available for distribution will be affected by movements in the Rand against Sterling. However, the Company's currency exposure will be reduced by virtue of the Rand denominated bank borrowings taken out by way of gearing the Company's investment portfolio. In addition, the Company's currency exposure will be kept under review by the Directors and the Investment Manager.

PART IV

BACKGROUND TO INVESTMENT REGION AND SECTOR

Certain information from this section has been sourced from third parties. The Company believes that this information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Introduction

The South African economy has grown robustly in recent years as reflected by a GDP growth rate of 4.5 per cent. in 2004 and 5.0 per cent. in 2005. The economy has delivered 80 months of non-stop expansion, of which 30 months showed annualised GDP growth of over 4 per cent. The South African government has supported this growth through sustained fiscal discipline and market orientated policies. This base has allowed the South African government to commit significant funding to infrastructure development to meet the needs of the emerging middle class. Against this background, the RSA government forecasts that GDP growth will reach at least 6 per cent. between by 2010 and 2014 (*Source: Deputy President Phumzile Mlambo-Ngcuka*).

South Africa is the “gateway” to Africa and is the region’s economic powerhouse: it contributes 25 per cent. of the entire continent’s GDP, 40 per cent. of total industrial output, 45 per cent. of mineral production and over 50 per cent. of total electricity generation. The economic transformation within South Africa since its move to democracy has been profound allowing it to move from a primarily resource based economy to one where over 82 per cent. of GDP is derived from tertiary sectors such as manufacturing, finance and other services (*Source: IMF country report*).

South Africa offers a combination of highly developed first world economic and legal infrastructure alongside a vibrant growing emerging market economy. In particular, South Africa benefits from:

- a stable political system and sustained economic growth;
- strong investment ratings (Moody’s Baa1; S&P BBB+; Fitch BBB+);
- inflation and interest rates near 24 year lows;
- substantial foreign exchange reserves (estimated at US\$24.1 billion for 2006) and low external debt (estimated at 11.3 per cent. of GDP for 2006) (*Source: Economic Intelligence Unit*); and
- a sophisticated and transparent legal framework based on Roman-Dutch law.

The economy is underpinned by impressive levels of investment both from within and without: foreign direct investment in 2005 amounted to £4.6 billion, ahead of India at £4.0 billion (*Source: UN Council for Trade & Development – UNCTAD*). In the budget statement released in March of this year, the government committed to £28 billion of capital infrastructure projects over the next five years.

The country is rich in natural resources, it has advanced telecommunications, transport and energy provision infrastructure (electrical power is provided at one of the cheapest rates in the world) and the agricultural sector is also highly developed.

In addition to growing consumer demand from within, South Africa has excellent access to other fast growing markets elsewhere in Africa and Asia as well as long established links with several of Europe’s main markets.

The 1996 constitution enshrines a modern and sophisticated legal framework based on Roman-Dutch law. There are no restrictions on foreign ownership of assets or on repatriation of profits.

The government’s macro-economic policies are aiming to achieve a competitive, outward-orientated growth platform. Taxes have been reduced, tariffs lowered, the budget deficit brought under control (0.5 per cent. of GDP for 2006), and exchange controls relaxed.

Black middle class growth

South Africa has historically not had a black middle class due to the legacy of apartheid policies. This situation has changed dramatically since South Africa's first democratically elected government came to power in 1994. The black middle class currently represents only 9 per cent. of the black population aged 18 years or older, but is responsible for 43 per cent. of black buying power in South Africa (*Source: UCT Unilever Institute of Strategic Marketing*). According to the SA Advertising and Research Foundation, in the past 12 months 421,000 black adults have moved into the middle-income bracket earning between £620 and £1,125 per month), a growth of 30 per cent.. Black adults now account for a third of South Africa's middle class and their impact is increasingly becoming evident in the property market.

The emergence of the black middle class has been driven by:

- increasing levels of black employees in white-collar private and public-sector jobs;
- increasing educational levels with black students accounting for 48 per cent. of university students in 2004; and
- explicit support for the development of black business enterprises by government and the large private sector companies.

Black spending patterns are directed at correcting an apartheid backlog in material goods and housing. Black households' contribution to total household expenditure was 46 per cent. in 2005, up from 36 per cent. in 1993. This, however, is at an early stage and ownership levels, for example in motor cars, is still low by world standards and will continue to drive consumption.

In addition to rising income levels, increasing numbers of black consumers are gaining access to the formal financial system and to credit. Historically, large numbers of workers did not have bank accounts largely because of high costs, financial illiteracy and a lack of trust. However, from October 2004 to August 2005, 1.5 million new low-cost bank accounts had been opened, the majority by South Africans who had never banked before (*Source: Banking Association South Africa*).

With stable interest rates, recently announced tax cuts due to higher revenue collection, and a continued focus on grants and on the stimulation of small and medium businesses, the Investment Manager believes black spending power will continue to grow.

Infrastructure development

As mentioned above, the South African government has committed £28 billion in infrastructure spending over the next five years. Previous infrastructure spending programmes in the late 1970s were driven by the need to develop independence from an increasingly critical world (e.g. Sasol strategic fuel, heavy minerals, etc.). In contrast, the current infrastructure is targeted to support economic growth and social investment e.g. housing, schools, roads, dams. In addition, South Africa has been awarded the right to host the FIFA World Cup in 2010, which will result in further spending on infrastructure. This is expected to add tremendous impetus to South Africa's profile in the developed world and to benefit the continuing growth of the South African economy.

The stock exchange

The JSE Limited ("JSE") is the largest equity market in Africa and the 18th largest in the world with a market capitalisation in excess of £300 billion. The JSE's market capitalisation gained 46.6 per cent. in 2005 (24 per cent. in 2004). It has an average daily turnover of approximately £665 million. According to Standard & Poors, the 46.6 per cent. total return on the JSE in 2005 was the best among six large emerging markets – beating Mexico (41.3 per cent.), Brazil (37.2 per cent.) and China (11.3 per cent.) – with only one other market among developed economies, namely Japan (47.4 per cent.), doing better.

Competitiveness

South Africa was rated the most competitive economy in the sub-Saharan region and the most attractive country in Africa to invest in by the World Economic Forum's 2005 Annual Global Competitiveness Index.

Sovereign credit ratings

A decade of comprehensive institutional reform and sound economic management has also been rewarded with solid credit ratings. In August 2005, Standard & Poor's raised South Africa's long-term foreign currency rating, citing the country's improved economic stability, reduced vulnerability to external shocks, a moderate (and decreasing) debt burden, and strong and stable political institutions. The rating agency upgraded South Africa's long-term foreign currency rating from BBB to BBB+ equal to that of Poland, and a notch above Mexico. The local currency rating was increased from A- to A+. Rival agency Fitch had South Africa on a positive ratings watch at that time, while Moody's upgraded South Africa's credit rating in January 2005.

The Property Market

The outlook for both commercial and residential property in South Africa is extremely positive. £5.3 billion of building plans were passed by local authorities in 2005, a 55 per cent. increase on 2004 figures (*Source: Stats SA*). Of this, residential property comprised £3 billion (a 47 per cent. increase on 2004 figures).

Architects and quantity surveyors' business confidence (a leading indicator of building development) is at its highest level in 15 years.

In its latest release of total returns for the South African property market the Investment Property Databank (IPD) notes that:

“South Africa is enjoying a period of great political stability and economic growth. Strong commodity prices and rising business and consumer confidence are buoying Africa's largest economy, now in its longest period of expansion in four decades...”

The excellent performance in retail sales, which are accelerating at some 8 per cent. per annum, will also continue to drive the retail sector with property owners benefiting indirectly through “turnover clauses”. In addition, new developments in the townships such as Soweto are being initiated to supply the strong demand.

As far as property fundamentals are concerned, office vacancy rates are declining, which is placing upward pressure on rentals. Forecasts suggest that rentals will continue to rise in real terms in the next two to three years resulting in a further rise in capital values and related returns.

From a forecasting perspective, there is strong international evidence suggesting that rentals rise in real terms the moment vacancies decline below their natural vacancy rate. The exact level of this natural vacancy rate varies from one market to the next but, for the South African market, Viruly Consulting data suggest that the figure is in the region of 10 per cent.. Thus if this figure is placed alongside present vacancy rates which are 4 per cent. to 9 per cent. for decentralised office nodes, there are strong arguments for a rise in gross office rentals in 2006 and beyond.

The retail sector has consistently outperformed other sectors of the market. While the office sector has tended to be an underperforming market, forecasts suggest that this will change during the course of 2006 as fundamentals improve in this market.

From an international perspective, the IPD underlines that South Africa looks set to be the best performing country in the IPD universe again in 2005 with a record all property return of 30.1 per cent.. Putting this in context, the UK achieved a total return of 9.1 per cent., and Canada a total return of 18.7 per cent..

Looking ahead:

- South Africa is currently experiencing large scale urbanization following the demise of the apartheid government's policy of maintaining geographically separate 'homelands' for different race groups. In Gauteng the population is expected to grow from 7.7m to 14.6m by 2015 (*Source: SA Cities Network; "State of the Cities Report, 2004"*);
- not only are huge numbers of people moving into the cities, but income and wealth levels are rising across all the population groups on the back of South Africa's recent strong economic growth. This, together with the young population (median age of 24 years, which is similar to India), makes for an attractive demographic investment profile (*Source: JPMorgan, 3 May 2006*);
- South Africa has experienced 35 years of under-investment in property due to political and economic uncertainty during the apartheid era. This has resulted in South African property missing out on international property growth over the past two decades;
- in the medium term, the commercial property market is expected to be driven by an economy that is performing well and which is expected to remain stable. The rise in GDP growth to possibly 6 per cent. will stimulate demand;
- vacancies in all sectors of the commercial market are expected to decline which should ensure that rentals rise in real terms;
- current standard rental escalation clauses, in the region of 8 to 10 per cent. per annum, give scope for income and capital growth in commercial investment properties; and
- the retail sector will benefit from strong consumption expenditure arising from a growing middle class.

The Investment Manager believes that South Africa will benefit from a stable low inflation investment environment in the future. This should translate in rising rental income, a decline in vacancy rates and attractive returns.

Property market overview

The South African residential and commercial sectors continue to show returns that surpass expectations. These returns are being driven by strong fundamentals in the national economy, and particularly strong retail expenditure.

From a macro economic perspective the consensus view is that the inflation rate will stay in the broad South African Reserve Bank range of between 3 per cent. and 6 per cent. despite higher oil prices. This stability will underpin the property market, which benefits from long-term certainty in the investment climate.

Retail

The retail property sector has consistently out-performed both the industrial and office markets over the last decade. Increased government spending in both rural and metropolitan areas, the growth of the black middle class and the current low interest rate environment have driven the consumer boom in the retail market.

The strong retail performance over the last decade has resulted in many of the established middle to upper income areas in the large cities being well serviced with retail premises. Redevelopment opportunities exist in these more established areas, and real growth opportunities exist in the growing middle class areas and in the smaller towns throughout the country.

The growth of the black middle class together with the sound macroeconomic fundamentals is likely to support continued investment within the retail property market.

Commercial

The early 1990's saw a major exodus of office users from the traditional inner city locations due to a combination of factors such as inner city crime, building obsolescence and increased traffic congestion. With the industrial and residential markets being depressed during this period the majority of developers focused on the commercial office market with the result that an oversupply of office space

developed in the late 1990's. This oversupply of space together with changing demand patterns resulted in the office market showing poor returns for many years.

The surplus space in the decentralized office nodes has been taken up over the last few years, increasing office rentals. The drive to improve South Africa's inner cities has also resulted in a number of large office users moving back to inner city locations. Much of the inner city office space is being converted, where possible, to residential accommodation for the growing black middle class.

Although the commercial office market is still lagging behind both the residential and industrial markets, the Investment Manager believes that this sector of the property market is poised for solid growth over the next few years.

Industrial

The industrial property market was characterized by underdevelopment during the 1980's and 1990's with the result that very little new industrial space was brought onto the market. Vacancy rates in many of the more established industrial areas were as high as 30 per cent. during the mid-1990's, but a slow uptake of space began in 2000 and by 2003 it became evident that there was a serious shortage of industrial space.

The buoyant residential market of the last few years received the attention of the large majority of developers with the industrial market being neglected to a degree. Industrial land values are on the increase after years of stagnation, especially in areas such as Durban and Cape Town where the availability of industrial land is restricted for geographic reasons.

The Investment Manager believes that the strong economic growth within South Africa and the fact that South Africa is the base from which many international companies access the growing Southern African market will continue to drive the industrial property market in the coming years.

Residential

Residential property has experienced exceptional growth over the last 5 years, with the average house price more than doubling over this period. Growth is being driven by buoyant consumer confidence, increases in wealth levels across all population groups, historically low inflation and interest rates, an apartheid-induced shortage of stock, and the growth of the emerging black middle class.

Developers have responded by increasing stock levels dramatically. According to Stats SA, £3 billion worth of residential building plans were approved by major local municipalities in 2005 (up from £1.8 billion in 2004). The Investment Manager expects this increase in physical stock to be maintained in response to continuing strong demand which in turn creates opportunities for investment.

The government has earmarked £1.8 billion worth of spending for housing over the next three years in an attempt to alleviate the squatter conditions in and around South Africa's major cities.

Developers are also now starting to develop properties in the historically black township markets e.g. Soweto, where demand for entry level housing is extremely strong. Anecdotal evidence is that there are 7 buyers for every house coming on the market.

The Investment Manager expects that the South African property market will generate attractive real estate returns over the next decade. This expectation is based on strong underlying demand for real estate, a shortage of stock and favourable macroeconomic factors.

South African Property Law

The South African property registration system is based on the law of positive acquisition. Once a property transaction is registered in the Deeds Registry only a Court of Law on good cause shown can reverse or cancel the transaction.

Ownership of land is usually transferred from the owner to the acquirer by means of a deed of transfer prescribed in terms of the Deeds Registries Act ("**the DR Act**"). Only a conveyancer can register a property transfer. A conveyancer is an admitted attorney who has passed a specialised conveyancing

examination and has been admitted as a conveyancer by the High Court of South Africa. A central register of all conveyancers throughout South Africa is maintained by the Office of the Chief Registrar of Deeds in Pretoria and each Registrar of Deeds has access to this register.

In order to draft the deed of transfer, the conveyancer must be in possession of the power of attorney to transfer as well as the existing holding title of the property, alternatively a copy of the holding title. The existing holding title contains all the conditions of title subject to which the property is held and may contain endorsements which may have to be carried forward into the new deed of transfer as conditions of title.

South African property law is governed by the DR Act and various other acts which deal with the legal requirements for the acquisition and registration of properties. All property transactions are registered and recorded in various Deeds Registry offices in the country. Once transfer of ownership is registered in the Deeds Office the registered owner is issued with a title deed, which is absolute proof of ownership.

All property transactions (sale and purchase) are to be in writing. Oral agreements are unenforceable. Property ownership is split into two main streams – freehold and sectional title. Provision is also made for ownership of timeshare, and share block rights.

The use of property is governed by certain zoning classifications such as residential, commercial, industrial and agricultural. It is for the purchaser of a property to make sure that he acquires a property with the applicable zoning to satisfy its requirements.

In addition, South African courts have set certain parameters dealing with property transactions where clauses and terms have been interpreted over the years and most of what is common practice is incorporated in the written sales agreements.

Various taxes, for example, transfer duty, capital gains tax and value added tax (“VAT”) affect property transactions. Transfer duty, based on the value of the property purchased/sold is calculated in accordance with the table below and is payable by the purchaser on acquisition of the property concerned, unless the transaction is subject to VAT.

<i>Value of Property</i>	<i>Transfer Duty</i>
R0 – R500,000	NIL
R500,001 – R1,000,000	5 per cent. of the value above R500,000
R1,000,001 and above	R25,000 plus 8 per cent. of value over R1,000,000

If the property is sold by a developer or other entity who is registered as a vendor for VAT purposes, the transaction will attract VAT at the rate of 14 per cent. of the value of the property, unless the property concerned comprises a sale of the business as a going concern and the sale of such business is made to a buyer who is also a registered vendor for VAT purposes. In this event VAT at the rate of 0 per cent. will arise. Where VAT is due (whether at the rate of 14 per cent. or 0 per cent. of the value of the property sold) no transfer duty is payable.

Where the sale of the asset, or shares where more than 50 per cent. of the underlying assets comprise immovable property, represents the sale of a capital asset, capital gains tax arises at the following rate:

Individual	–	10 per cent.
Company	–	14.5 per cent.
Trust	–	20 per cent.

These taxes apply in all property transactions one way or the other. The conveyancer determines whether the transaction attracts VAT or transfer duty. Prescribed declarations by seller and purchaser need to be completed and signed by the parties.

Certain transactions are exempt from transfer duty irrespective of the purchase consideration or the fair market value thereof. Where a transaction is exempt from transfer duty it is still necessary to submit the prescribed forms to the South African Revenue Services, which will issue a transfer duty exemption receipt which, in turn, needs to be lodged in the Deeds Office.

Black Economic Empowerment (BEE)

Overview

Black Economic Empowerment (BEE) is a strategy which aims to undo the economic damage of apartheid. The exclusion of African, Indian and coloured people from South African economic participation led to a profoundly underperforming economy and economic inequality based on racial lines. BEE does not simply seek to redress the wrongs of the past but is a pragmatic growth strategy aiming to exploit South Africa's full potential.

BEE is not simply affirmative action, although affirmative action or employment equity, as it is known locally, forms part of it. Nor does it aim merely to redistribute white wealth to blacks. It is simply a growth strategy, targeting the South African economy's weakest point: inequality.

Prior to its establishment, there was a perceived danger that BEE would simply replace the old elite with a new black one, leaving fundamental inequalities intact. For this reason the government's BEE strategy is broad-based, and attempts to include historically disadvantaged people, in particular black people, women, the youth, disabled persons, and rural communities.

BEE is driven by legislation (the Broad-Based Black Economic Empowerment Act 53 of 2003) ("**BEE Act**") and regulation, in particular, the draft Codes of Good Practice in terms of Section 9(1) of the BEE Act which will come into full effect in 2007. These Codes set out the method for calculating a Company's BEE status. An integral part of the BEE Act is the Balanced Scorecard, which measures a business's empowerment progress in four areas:

- direct empowerment through ownership and control of enterprises and assets;
- management at a senior level;
- human resource development and employment equity; and
- indirect empowerment through preferential procurement, enterprise development, and corporate social investment.

The Company's BEE status will be calculated from the Balanced Scorecard, which ranks companies at best as a "Level One Contributor" and at worst as "Non-Compliant Contributors" and the Company's eligibility to participate in governmental and quasi-governmental contracts and tenders will be dependent on each ranking. In order to enhance their ranking in relation to procurement (which has a direct bearing on overall ranking), businesses will be advantaged in placing their business with entities which rank highly in terms of the Balanced Scorecard.

Different sectors have also been encouraged to draw up their own charters on BEE, so that all industries can adopt a uniform approach to empowerment and how it is measured. The Company's strategic alliance with the Strategic Adviser, which qualifies as a Black Economic Enterprise, aims to maximise the Company's ability to tender for governmental and quasi-governmental opportunities.

PART V

MANAGEMENT, ADVICE AND ADMINISTRATION

Board of Directors

The Company has been established with a board of five, all of whom are non-executive and all of whom, with the exception of Brian Myerson, are independent of the Company's service providers. Details of the Directors are as follows and full lists of their other directorships and any partnership interests are set out in paragraph 4.14 of Part IX of this document. A majority of the Directors including the Chairman are resident outside the United Kingdom:

Quentin Spicer, aged 61 (Chairman)

Quentin Spicer qualified as a solicitor with Wedlake Bell in 1968 and became a partner in 1970. He moved to Guernsey in 1996 as senior partner in Wedlake Bell Guernsey specialising in United Kingdom property transactions for non-United Kingdom resident entities. He is chairman of the Guernsey Housing Association LBG, Mercator Group Holdings Limited, European Value and Income Fund Limited, ISIS Property Trust 2 Limited and RAB Special Situations Company Limited and is a non-executive director of several other funds.

Peter Milton Bester, aged 65

Peter Bester retired as executive chairman of Cadbury Schweppes (South Africa) Ltd in 2001, after seventeen years as chief executive of the group. During this period, he held non-executive positions on the boards of Amalgamated Beverage Industries Ltd (ABI), South Africa's largest bottler and distributor of soft drinks and served as non-executive chairman of Revertex Ltd, a subsidiary of Yule Catto Plc.

Since 2001, he has held non-executive directorships of ABI Ltd, AVI Ltd, National Brands Ltd, Distell Ltd, Suidwes Beleggings Bpk, New Holland SA Ltd, and Agrinet Ltd. He is also a private property developer with experience in retail and residential developments in Gauteng and the Western Cape.

David John Humbles, aged 46

David Humbles joined Total Oil Great Britain Ltd in 1977 and enjoyed a 25 year career in sales and marketing within the downstream oil industry. He relocated to the Isle of Man in 1998 as Director and general manager of Total (Isle of Man) Limited. In 2003, David purchased Abbey Properties Ltd and St Paul's Property Services Ltd. These companies own and manage a property complex in the north of the Isle of Man incorporating approximately 200 residential apartments, garages, 26 retail units and office accommodation. Also in 2003, he formed Westminster Properties Ltd to manage a large portfolio of residential and commercial properties on the Isle of Man.

In 2005 he was appointed managing director of various private property development companies specialising in the London market whose current projects have a gross development value of over £200 million. In 2006, he joined the board of Speymill Deutsche Immobilien Company plc as a non-executive director.

Brian Alan Myerson, aged 47

Brian Myerson is chief executive officer of Principle Capital Group, which he founded in November 2004, and joint chairman of the Investment Manager.

Brian co-founded Active Value in 1993 and through the Active Value and Principle Capital Groups has been a pioneer in activist investing in the UK, Continental Europe and South Africa. Brian is South African and retains strong links to South Africa, where he has invested personally in a number of property developments.

Brian has been on the boards of several UK property companies, including Greycoat plc (1994 to 1996) and Marylebone Warwick Balfour Group plc ("MWB") (2002 to 2005), where he was chairman. When

he joined, MWB had gross assets of £650m and owned major property and hotel interests (including the Malmaison Hotel Group) in the UK, as well as a Europe wide serviced offices business and a majority interest in Liberty plc, the UK department store. Brian oversaw two full refinancings of MWB together with a major asset disposal plan which has resulted in the equity market value of MWB rising from £90m in March 2002 (when Brian's appointment was announced) to £170m as at 30 November 2005 (when he stepped down).

Brian remains on the board of Liberty plc, of which the Principle Capital Group has the right to joint board control with MWB.

Richard James Sunley Tice, aged 42

Richard Tice has 19 years' experience in international real estate development and investment across both the residential and commercial sectors.

Richard has worked in the UK, USA and France. He has been the joint chief executive of the Sunley Group, a significant privately owned real estate company, for the last 14 years. He has been particularly involved in the creation, structuring and negotiation of numerous real estate joint ventures, involving equity and mezzanine financing of individual projects, with a wide variety of developers and investors. He has also been responsible for negotiating the Sunley Group's banking arrangements.

Richard has been a non-executive director of two fully listed property companies. He was on the board of Property Fund Management PLC during and after its flotation in 2002. He was appointed to the board of Tay Homes PLC in the late 1990s.

Corporate Governance

The Directors recognise the importance of sound corporate governance and intend to comply with the Quoted Companies Alliance's Corporate Governance Guidelines for AIM Companies. In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded.

The Board will establish an audit committee with formally delegated duties and responsibilities, comprising not less than two offshore directors of the Board. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

The Board will also establish remuneration, management engagement and nomination committees with formally delegated duties and responsibilities, comprising not less than two offshore members of the Board. The role of the committees will be, *inter alia*, to monitor and review with the Board the performance of the Investment Manager, the terms of the Management Agreement and the framework for the remuneration for the non-executive directors, if applicable.

The fees payable to the Chairman have been set at £25,000 per annum and the fees payable to other directors at £20,000 per annum. Brian Myerson has agreed to waive the fees to which he would otherwise be entitled as a director of the Company.

Strategic Adviser

The Directors and the Investment Manager believe that there exist significant opportunities for the public sector in the South African real estate market. To this end, the Company has established a relationship with two leading black individuals, Kuseni Dlamini and Oyama Mabandla through a newly established company, Sapling Property Investments (Pty) Ltd, which has entered into a strategic alliance agreement with the Company. Other individuals and groups will be added over time to enhance the Strategic Adviser's profile. In return for up to 25 per cent. of the equity in the Strategic Adviser, the Investment Manager has agreed to fund the operating costs of the Strategic Adviser. The principal responsibility of the Strategic Adviser will be to generate investment opportunities for the Company

within the public sector and advising the Company generally on maximising and securing such opportunities. In each case, the Strategic Adviser would normally retain, free of cost, up to 25 per cent. of each such opportunity in exchange for delivering the opportunity and securing value-adding elements such as long government leases. Given the interests of the Investment Manager in the Strategic Adviser, any investment decision, whether initial or subsequent, as well as any exit decision will be referred to the Board. The backgrounds of Kuseni Dlamini and Oyama Mabandla are as follows:

Kuseni Dlamini – Director, Sapling Property Investments (Pty) Ltd

Kuseni Dlamini is the executive chairman of the Richards Bay Coal Terminal (RBCT), the single biggest coal terminal in the world, which handles most of South Africa's coal exports to the international market. Coal exports are the second biggest source of foreign exchange for the South African economy. Kuseni graduated cum laude for his Bachelor of Social Science (Honours) Degree at Natal University in Durban. He then moved on to Oxford University, as a Rhodes Scholar, where he read for his Master of Philosophy (MPhil) Degree between 1994 and 1996. He left Oxford in June 1996 and joined De Beers in July 1996 at its head office in Johannesburg.

Kuseni held a number of senior management positions at De Beers's operations in South Africa and at the Diamond Trading Company's London offices between 1996 and 2003 before joining AngloGold Ashanti's Corporate Office in 2003. In 2005, he left AngloGold Ashanti when he was appointed executive chairman of the RBCT. He is a member of the executive committee of the South African Institute of International Affairs (SAIIA) and is also a member of the Editorial Advisory Board of the South African Journal of International Affairs. He is a regular contributor to the South African Yearbook of International Affairs.

Kuseni is a non-executive director of Teba Limited, a company that services over 240,000 employees in the mining industry. He is former chairman of Teba Limited's Remuneration and Nominations Board sub-committee and the Board of Trustees of the Vaal Reefs Disaster Trust. He is also an independent non-executive director of the Mvelaphanda Group Ltd, one of South Africa's leading diversified BEE companies listed on the Johannesburg Stock Exchange. In addition he is a member of the board of directors of the National Business Initiative (NBI), a business organization that "seeks to meet the challenges of a country and a nation in transition by acting at the intersection of the private and the public sector to contribute to political and economic stability and enhance the country's competitiveness as a key to sustained growth".

Oyama Andrew Mabandla – Director, Sapling Property Investments (Pty) Ltd

Advocate Oyama Mabandla is chairman of Vodacom, which is 50 per cent. owned by Vodafone, and which holds 57 per cent. of South Africa's mobile telephone market, and is also executive chairman of Langa Group. Oyama's career started as a political analyst for the African National Congress ("ANC"), South Africa's ruling party and he was strategic adviser to the ANC's exiled leadership during apartheid. Since the downfall of apartheid, he started his career in 1996 as a merchant banking associate specialising in mergers and acquisitions and corporate finance for UBS in South Africa, where he worked on several major privatisations and transactions including the largest corporate transaction in South African history, the unbundling of Billiton Holdings from Gencor and its subsequent listing on the London Stock Exchange, as a member of the FTSE-100. In 1999 he joined the Johannesburg Bar as a practising advocate specialising in corporate law and in 2000 he joined South African Airways as chief corporate counsel. He subsequently held several senior positions at South African Airways, his last position being acting chief executive officer.

Oyama holds a Bachelor of Arts honours degree in Political Science from the University of California, San Diego and was awarded a Juris Doctorate with honours from Columbia University School of Law in New York.

The Investment Manager and the Investment Adviser

The Proteus Property Group, comprising Proteus Property Partners Limited and Proteus Property Advisors (Pty) Limited, is a joint venture amongst the Principle Capital Group, Masazane Capital

(Pty) Limited and two senior members of the South African based executive management team, Richard Currie and Keith Wolstenholme.

The Principle Capital Group is a group of companies specialising in alternative investment management, the holding company of which, Principle Capital Holdings S.A., is traded on the AIM market of the London Stock Exchange. With offices in London and Geneva, the Principle Capital Group is headed by Brian Myerson, who over the last 17 years has been actively involved in alternative investment management and brings a depth of experience in property investment. Three of his co-founders in the Principle Capital Group, Brian Padgett, Leonard O'Brien and James Peggie, will be involved in the Proteus Property Group.

Masazane Capital (Pty) Limited is a South African advisory and investment boutique providing mergers and acquisitions, equity and debt capital markets advisory services. Masazane Capital is headed by Brian Smith, former head of JPMorgan's Financial Institutions Group based in Johannesburg.

The Proteus Property Group benefits from the extensive skill sets of its key professionals. The background to each of the key professionals is as follows:

Brian Myerson – Joint Chairman, Proteus Property Partners

Details on Brian Myerson are set out on page 29 of this document.

Brian Smith – Joint Chairman, Proteus Property Partners

Brian Smith formed Masazane Capital in September 2005. Since its inception, Masazane, has taken on a number of prestigious clients and has been lead adviser on the funding and introduction of an empowerment partner into the listed Vukile Property Fund (transaction value \$130m).

Prior to forming Masazane, Brian was head of JPMorgan's Financial Institutions Group based in Johannesburg with responsibility for all activities across all product groups including mergers and acquisitions, debt capital markets, derivatives and treasury services. Brian has been involved in a number of notable transactions in this area including:

- Lead adviser for Barclays Bank PLC in acquiring control of Absa Limited, South Africa's largest bank;
- Empowerment transactions for Absa, Sanlam, Standard Bank, Nedbank and Liberty Life; and
- Several debt capital market transactions including the first ever issue of Tier III bank capital in South Africa for Standard Bank, first ever issue of Tier II insurance capital for Liberty Life and several mortgage securitisations for SA Home Loans.

Brian was also a board member of, and oversaw JPMorgan's investment in, SA Home Loans, an independent retail mortgage provider with a mortgage book of over £3.75bn. He is a Chartered Accountant, having qualified at KPMG, and holds a Bachelors Degree in Business Science and a Masters in Commerce from the University of Cape Town.

Richard Currie – Chief Investment Officer, Proteus Property Advisors

Richard Currie is an active property developer and prior to the launch of the Company, managing director of the Currie Group, one of South Africa's oldest property companies. Richard was responsible for identifying property investment and development opportunities on behalf of the group and the management of a number of privately held property portfolios. He has recently initiated and managed development projects including Tatham Court (28 residential apartments, Johannesburg), Quarrywood (86 residential apartments, Johannesburg), and N12 Industrial Park (19,000m² industrial park, Johannesburg), one of the largest new industrial parks on the East Rand in the last 10 years.

Richard is well known as a deal maker and brings with him a strong network of property professionals active throughout South Africa.

Richard holds an MBA (Construction & Real Estate) through the College of Estate Management at Reading University (UK), a diploma in project management (RICS), and a Bachelor of Commerce

majoring in Business Economics Real Estate. He registered as a Valuer in training in 1999, and completed the Estate Agents Board Examination in October 1991.

Keith Wolstenholme – Chief Operating Officer, Proteus Property Advisors

Keith Wolstenholme comes from a corporate finance/investment banking background with JPMorgan. He was initially involved in an operational role heading the South African fixed income trading middle office function. Keith then moved into corporate finance after training in New York when JPMorgan established a local investment banking country team in 1999. He spent two years with JPMorgan in Johannesburg covering the mining and oil & gas sectors, and also worked in JPMorgan's UK mergers & acquisitions team for a year where he gained exposure to a variety of different sectors. Keith subsequently spent two years as a senior associate with Shield Advisory Services, a UK based corporate finance advisory firm specialising in the sale of companies.

He is also a private property developer with experience in the South African residential property market. His role has been as lead developer on residential developments in KwaZulu Natal (structural addition to and renovation of a block of coastal flats) and Gauteng (sub-division of land, installation of bulk services and preparation for construction of freehold cluster units). He has experience in project feasibility study, financing and overall project management.

Keith is a graduate of the University of Cape Town where he obtained a Bachelor of Commerce and postgraduate Honours degree in Economics. He has also successfully completed the Chartered Financial Analyst (CFA) programme, and is a current CFA charterholder.

Ed Raubenheimer – Non-Executive Director, Proteus Property Advisors

Ed Raubenheimer founded Gothic Construction in Johannesburg, in 1979. In 1986, he moved to the USA where he headed up the construction management division of Hanscomb and Associates Inc., overseeing various commercial and residential projects.

In 1988, he returned to South Africa and, having sold his interests in Gothic Construction to his partners, established the Cape Town office of Bridgeport Properties managing various commercial developments. He left Bridgeport Properties in 1998 to focus on private investments, including several property developments. He managed many substantial office, residential and shopping centre developments as well as mixed-use developments. He was also a non-executive director of the Paramount Property Fund from 2001 until 2004. Ed holds a Bachelor of Quantity Surveying (University of the Witwatersrand) and an MBA.

Paul Rose – Non-Executive Director, Proteus Property Partners

Paul Rose is a Chartered Surveyor, has been practising as a valuer since 1972 and has worked in private practice in the corporate sector and local government for 30 years, including Garrard Smith & Partners, Peter Symmons and Co, Napier Bentley, as well as the London Boroughs of Hammersmith and Fulham and Haringey.

Paul worked in property management for Old Mutual Properties in Johannesburg in the early 1990s, overseeing a portfolio of offices, retail and industrial properties. In 1994 he co-founded Robert Crawford Chartered Surveyors, undertaking commercial and residential valuations throughout Greater London. He is now the managing director of Robert Crawford Chartered Surveyors. He is also the consultant valuer to several firms of estate agents. He is also a trustee of the Rose Foundation, a charity for whose property assets he takes responsibility.

Paul graduated from Reading University in 1986 with a BSc (Hons) in Estate Management. He also has a post graduate diploma in Arbitration and is a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Chartered Institute of Arbitrators and a Chartered Arbitrator.

The following Principle Capital Group executives will also be involved in the management of the Proteus Property Group:

Brian Padgett – Director, Proteus Property Partners

Brian Padgett is a director of Principle Capital Holdings S.A. He is joint head of fund management within the Principle Capital Group and is based in Geneva, Switzerland. His services are provided to

Principle Capital through the Silex Group of which he is joint managing director. Brian is a non-executive director of Epicure Berlin Property Company Limited, a €127 million fund (expected to be leveraged to over €500 million) investing in Berlin real estate opportunities, and through the Silex Group he also advises on and manages its investment structures. Through Silex he provides financial services to a number of wealthy South African families and has extensive experience of investing in the South African market. Since 1997 he has been joint head of fund management in the Active Value Group, which role he now holds for Principle Capital. Prior to Active Value, he was chief financial officer of ABSA Financial Services (Jersey) Limited, the offshore division of ABSA Bank Limited. Brian graduated from London University in 1989 and is a qualified Chartered Accountant.

Leonard O'Brien – Director, Proteus Property Advisors

Leonard O'Brien is a director of Principle Capital Holdings S.A. He is joint head of fund management within the Principle Capital Group and is based in Geneva, Switzerland. His services are provided to Principle Capital through the Silex Group of which he is joint managing director. Leonard is a non-executive director of Epicure Berlin Property Company Limited, a €127 million fund (expected to be leveraged to over €500 million) investing in Berlin real estate opportunities, which through the Silex Group he also advises on and manages its investment structures. Leonard is also a non-executive director of Speymill Deutsche Immobilien Company plc, a €230 million fund (expected to be leveraged to over €1 billion) investing in German real estate opportunities, which is listed on the AIM market of the London Stock Exchange. Through Silex he provides financial services to a number of wealthy South African families and has extensive experience of investing in the South African market. Since 2002 he has been joint head of fund management in the Active Value Group, which role he holds for Principle Capital. Prior to joining Active Value he held positions as a Membre de Direction of Barclays Bank (Suisse) SA, Geneva and with the Stonehage Financial Services Group (incorporating the Chesterfield Group). Leonard graduated from Dublin City University in 1992 and is a qualified Chartered Accountant.

James Peggie – Director – Proteus Property Advisors

James Peggie has a legal background in mergers and acquisitions. He is a director of Principle Capital Advisors Limited based in London, where he takes responsibility for the corporate finance, legal and transactional aspects of Principle Capital's investment projects. He has extensive experience of the South African investment markets and has advised on a number of corporate transactions and property related investments in South Africa. Since 1999 he has been responsible for the corporate finance, legal and transactional affairs of the Active Value Group, which role he holds for Principle Capital. Prior to joining Active Value, he worked in the corporate finance division of Sinclair Roche & Temperley (now Stephenson Harwood), an international law firm. James graduated from Oxford University in 1992 and in 1994 from The College of Law (with Distinction). He is a qualified solicitor.

Management Fee and Performance Fee

Management Fee

In consideration for the Investment Manager performing asset and portfolio management services, whether itself or through sub-contractors, the Investment Manager will be paid an annual management fee of 2 per cent. of the Net Asset Value payable quarterly in advance.

The Investment Manager will be responsible for the payment of all fees to the Investment Adviser.

Performance Fee

The Investment Manager will be entitled to a performance fee in certain circumstances. This fee is payable by reference to the increase in net asset value per Ordinary Share. The Investment Manager will become entitled to a performance fee in respect of the period from Admission to 30 June 2009 and any subsequent financial period at the end of which the net asset value per Ordinary Share is above the performance fee hurdle. The performance fee hurdle for the period ending 30 June 2009 is 100p per Ordinary Share increased at a rate of 12 per cent. per annum, on an annual compounding basis up to the end of the period but adjusted so as to exclude, with effect from the date(s) of payment, any dividends paid during the period.

The performance fee hurdle thereafter shall be calculated on the same basis save that whenever a performance fee is earned the net asset value per Ordinary Share at the end of the financial period by reference to which it is earned will be substituted for 100p per Ordinary Share.

If the performance hurdle is met the performance fee payable will be an amount equal to 20 per cent. of the amount of the increase in the net asset value per Ordinary Share multiplied by the time weighted average of the number of Ordinary Shares in issue since inception or (if later) the end of the last financial period by reference to which a performance fee was earned.

75 per cent. of any performance fee will be paid to the Investment Manager in cash within 10 Business Days of the publication of the final audited results for the relevant performance period end and 25 per cent. of any performance fee will be paid to the Investment Manager within 10 Business Days of the publication of the final audited results for the relevant performance period end by the allotment and issue to the Investment Manager of such number of Ordinary Shares which, when multiplied by the prevailing Net Asset Value per Ordinary Share on date of issue, results in a value equal to that of 25 per cent. of the performance fee.

Other Operating Expenses

The Company will bear its ongoing operational expenses. These expenses include, but are not limited to:

- (a) audit, taxation and accountancy fees of the Company and legal expenses incurred by the Company and expenses which are properly and reasonably incurred by the Investment Manager in connection with the corporate existence of the Company or arising out of the relationship of the Company with its shareholders and third parties and all other professional and other charges in respect of services rendered to the Company;
- (b) accountancy, legal and other professional fees and other expenses incurred in connection with the corporate and financial structure of the Company and the admission of any share or loan capital of the company to AIM and the CISX;
- (c) expenses of and incidental to producing, printing or posting or otherwise dispatching the annual accounts of the Company;
- (d) expenses of every nature of or incidental to deposits or loans made or proposed to be made by the Company;
- (e) stamp and any other duties, taxes, governmental charges, brokerage, transfer fees, registration fees and other charges payable in respect of the acquisition or realisation of any investments;
- (f) interest on any charges, expenses of arranging, and arising out of, all borrowings made or proposed to be made by the Company;
- (g) taxes and corporate fees payable by any member of the Company's group;
- (h) the travel and other reasonable expenses incurred by members of the Board in carrying out the business of the Company;
- (i) all travel and other expenses reasonably incurred by the Investment Manager on behalf of any member of the Company's group;
- (j) fees and expenses properly incurred by the Investment Adviser under the Advisory Agreement;
- (k) expenses of convening and holding meetings of Shareholders;
- (l) expenses of preparing, printing and/or filing all reports and other documents relating to the Company including placement memoranda, explanatory memoranda, marketing documents, annual, semi-annual and extraordinary reports required to be lodged with all authorities having jurisdiction over the Company;
- (m) expenses of making any capital distribution; and
- (n) insurance premia (including insurance for members of the Board).

Administrator

Anglo Irish Fund Services Limited is a private limited company incorporated with number 112244C on 23 November 2004 with unlimited duration under the Companies Acts 1931 to 2004 of the Isle of Man. The Administrator is wholly owned by Anglo Irish Bank Corporation plc and has been appointed by the Company as its administrator. The Administrator is responsible for providing administrative, accounting and secretarial services required in connection with the Company's operations, including assistance in the preparation of annual and semi-annual financial statements for the Company, calculation and publication of the Company's Net Asset Value, and registrar and transfer agency services.

The Administrator is the holder of an investment business licence issued under Section 3 of the Investment Business Act 1991 of the Isle of Man and, as such, is an authorised person licensed to conduct investment business by the Isle of Man Government Financial Supervision Commission.

The Administrator will be entitled to receive a fee of 10 basis points per annum of the net assets of the Company between £0 and £50 million; 8.5 basis points per annum of the net assets of the Company between £50 million and £100 million and 7 basis points per annum of the net assets of the Company in excess of £100 million, subject to a minimum monthly fee of £3,750 and a maximum monthly fee of £10,000 payable quarterly in arrears. The Administrator is also entitled to an inception fee on a time and charges basis subject to a minimum fee of £10,000.

The Administrator shall assist in the preparation of the annual and semi-annual financial statements of the Company for which it shall receive an additional fee of £1,750 per set.

The Administrator may utilise the services of a CREST accredited registrar for the purposes of settling share transactions through CREST. The cost of this service will be borne by the Company. It is anticipated that the cost will be in the region of £6,000 per annum subject to the number of CREST settled transactions undertaken.

The Administrator shall provide general secretarial services to the Company for which it shall receive a minimum annual fee of £5,000. Additional fees, based on time and charges, will apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of £350 per day or part thereof will be charged.

The Administrator expects to review and, subject to written agreement between the Company and the Administrator, may amend the foregoing fees six months after the date of Admission and annually thereafter.

Custodian

Anglo Irish Bank Corporation (I.O.M) P.L.C. is a public limited company incorporated with number 37910C on 21 March 1988 under the Companies Acts 1931 to 2004 of the Isle of Man. The Custodian is wholly owned by Anglo Irish Bank Corporation plc and has been appointed as the Company's custodian and banker. The Custodian is responsible for providing custodial and banking services to the Company.

The Custodian is the holder of a banking licence issued under Section 6(1) of the Banking Act 1998 (as amended) of the Isle of Man and, as such, is an authorised person licensed to conduct banking and investment business by the Isle of Man Government Financial Supervision Commission.

Pursuant to an agreement between the Company, the Investment Manager and the Custodian, the Custodian will be responsible for all cash, debt securities and other assets of the Company but not for property or for any vehicles used to hold property. Those assets held by the Custodian will be held to the order of the Company.

The Custodian may appoint sub-custodians, agents or delegates (together "Sub-Custodians") provided that the Custodian shall exercise reasonable skill, care and diligence in the selection of a suitable Sub-Custodian and will only be liable to the Company for losses resulting from the liquidation, bankruptcy or insolvency of such persons if it has been negligent in the selection and monitoring thereof. The

Custodian shall not be liable in the event of the loss of any assets held by a Sub-Custodian provided that such Sub-Custodian exercised reasonable care and acted without negligence or wilful default.

The Custodian will be entitled to receive an annual minimum fee of £5,000 per annum, payable quarterly in arrears.

The Custodian expects to review and, subject to written agreement between the Company and the Custodian, may amend the foregoing fees six months after the date of Admission and annually thereafter.

Registrar

The Company has appointed Capita Registrars (Jersey) Limited to provide offshore registrar services in respect of the Company. Further details of the agreement between the Company and the Registrar are set out in paragraph 7.5 of Part IX of this document.

Conflicts Management

The Investment Manager will manage its duties to the Company and to other funds for whom it and its affiliates may act pursuant to the terms of the Management Agreement and any other contracts which it may have entered into with such other funds. The Management Agreement contains provisions dealing with conflicts management. Should a development opportunity meet the investment objective and criteria of both the Company and any other fund managed by the Investment Manager, such opportunities will be allocated between them subject to the Investment Manager's allocation process. The Investment Manager's allocation process is designed to reduce potential conflicts of interest and is intended to ensure that all clients, including the Company, will have fair access to new investment opportunities made available to clients.

The Investment Manager has contractually agreed with the Company that, until the Company is at least 80 per cent. (or such other level as may be agreed by the Board) invested, it will not, without the Company's prior consent, carry on or be concerned or interested or engaged as principal or adviser in any real estate acquisition and/or development in respect of South African assets (save in respect of transactions entered into prior to the date hereof) without offering the Company a right of first refusal in respect of the same.

PART VI

PLACING, ADMISSION AND RELATED MATTERS

The Placing

Teather & Greenwood has undertaken to use its reasonable endeavours to place up to 50 million Ordinary Shares, as agent for the Company, at 100p per Ordinary Share. The Placing, which is not underwritten, is conditional upon, *inter alia*, the admission of the Ordinary Shares to trading on AIM and the CISX.

Under the Placing Agreement, which may be terminated by Teather & Greenwood and/or the Company in certain circumstances (including *force majeure*) prior to Admission, the Company and the Investment Manager have given certain warranties and indemnities to Teather & Greenwood concerning, *inter alia*, the accuracy of the information contained in this document.

The Placing is intended to raise up to £50 million before expenses. Assuming the Placing is fully subscribed, the expenses of the Placing are estimated at approximately 3 per cent. of the funds raised. In any event, Teather & Greenwood have undertaken that if the total expenses (excluding VAT) payable by the Company in respect of the launch of the Company and the Placing would otherwise exceed 3 per cent. of the gross proceeds of the Placing, the corporate finance fee payable to Teather & Greenwood shall be reduced by an amount equal to the excess.

Dealings in the Placing Shares on AIM and the CISX are expected to commence on 26 October 2006 and, in the case of placees requesting their Placing Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited with the Placing Shares comprising their placing participation with effect from that date. In the case of placees requesting their Placing Shares in certificated form it is expected that certificates in respect of such shares will be despatched by post within 10 days of the commencement of dealings. Pending despatch of definitive share certificates or crediting of CREST accounts, the Company's registrars will certify any instrument of transfer against the register.

Further Issues

It is currently intended that further capital-raising will take place at an appropriate time or times in the future so as to increase funds raised to approximately £150 million. In such event, it would be the Board's intention to consult as far as practicable with shareholders with a view to providing the opportunity to participate in any such capital-raising.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares under the CREST system. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 26 October 2006. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Anti-Money Laundering Procedures

Due to anti-money laundering requirements operating within various jurisdictions, including the Isle of Man and the UK, the Administrator and Teather & Greenwood may require evidence of

identification from applicants and/or persons on whose behalf an application is made in the initial placing of shares.

The Administrator and Teather & Greenwood, on behalf of the Company, reserve the right to request such information as is necessary to verify the identity of an initial applicant. In the event of delay or failure by the applicant to produce any information requested for verification purposes, the application may be refused and any subscription monies returned to the bank account from which they were remitted. No Ordinary Shares will be allotted to an applicant until the identity of the applicant has been verified to the satisfaction of the Administrator or Teather & Greenwood.

Risk Factors

Certain risk factors in relation to the Company and its business are brought to your attention in Part II of this document.

Taxation

Information regarding United Kingdom, Isle of Man and South African taxation with regard to potential Shareholders is set out in Part VIII of this document. No other taxation advice is being provided to Shareholders in this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

Duration

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, an ordinary resolution for the continuation of the Company will be proposed at the annual general meeting of the Company to be held in respect of the year ended 30 June 2013 and, if passed, every three years thereafter. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reorganised or unitised.

Further Information

Your attention is drawn to the additional information set out in Part IX of this document.

PART VII
FINANCIAL INFORMATION

The Company was incorporated on 27 June 2006 and save for the material contracts described in paragraph 7 of Part IX has not traded and no accounts have been made up.

Balance Sheet as at 20 October 2006

	<i>As at 20 October 2006 £</i>
Current assets	
Debtors	0.02
	<u>0.02</u>
Capital and reserves	
Called up share capital	0.02
	<u>0.02</u>

Share Capital

	<i>As at 20 October 2006 £</i>
Authorised:	
50,000,000 Ordinary shares of 1p each	500,000
	<u>500,000</u>
Issued:	
2 Ordinary shares of 1p each	0.02
	<u>0.02</u>

PART VIII

TAXATION

The following information, which relates only to UK, Isle of Man and South African taxation, is applicable to the Company and to persons who are resident or ordinarily resident in the UK and who hold Ordinary Shares as investments. It is based on the law and practice currently in force in the UK, the Isle of Man and South Africa. It applies only to persons holding shares as investments and may not apply to certain classes of persons such as securities dealers. The information is not exhaustive and, if potential investors are in any doubt as to the taxation position, they should consult their professional advisers without delay. Investors should note that tax law and interpretation can change and that, in particular, the levels and basis of, and reliefs from, taxation may change and it may alter the benefits of investment in the Company.

UK Taxation

The Company

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK and so that the Company does not carry out any trade in the UK (whether or not through a permanent establishment situated there). On this basis, the Company should not be liable for UK taxation on its income and gains, other than certain income deriving from a UK source.

UK Shareholders

- (a) Shareholders who are resident in the UK or carrying on a trade in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on the gross amount of dividends paid by the Company whether directly or by way of reinvestment of income.
- (b) In the case of those Shareholders who are individuals or otherwise not within the charge to corporation tax, capital gains tax may be payable on a disposal of Ordinary Shares. Taper relief may be available to reduce the amount of any chargeable gain on disposal of the Ordinary Shares which will, for so long as the Ordinary Shares are listed on the CISX, be non-business assets for this purpose. No indexation allowance will be available to such holders. Individual Shareholders are entitled to an annual exemption from capital gains. For the 2006/2007 tax year this is £8,800.

Shareholders within the charge to UK corporation tax may be subject to corporation tax on capital gains in respect of any gain arising on a disposal of Ordinary Shares. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the Ordinary Shares that will not create or increase a liable loss.

It is not anticipated that the Company would be regarded as a close company if it were resident in the UK. Therefore, capital gains realised by the Company should not be attributed to Shareholders under Section 13 of the Taxation of Chargeable Gains Act 1992.

- (c) The Directors intend to manage the Company's affairs such that it should not be regarded as a collective investment scheme for the purposes of Section 235 Financial Services and Markets Act 2000. On this basis a shareholding in the Company should not be regarded as a material interest in an offshore fund for the purposes of Sections 756A to 764 (as amended by the Finance Act 2005) of the Income and Corporation Taxes Acts 1988 (the "Taxes Act"). On this basis, any gains realised on such holdings should not be subject to tax as income under that legislation.
- (d) A UK resident corporate Shareholder who, together with connected or associated persons, is entitled to at least 25 per cent. of the Ordinary Shares should note the provisions of the controlled foreign companies legislation contained in Sections 747-756 of the Taxes Act.
- (e) The attention of individuals ordinarily resident in the UK is drawn to the provisions of Sections 739-756 of the Taxes Act (and the amendments proposed in the Finance (No 2) Bill 2006) which

may render such individuals liable to tax on the income of the Company (taken before any deduction for interest) in certain circumstances.

- (f) The attention of UK resident and domiciled investors is drawn to Section 703 of the Taxes Act under which HM Revenue and Customs may seek to cancel tax advantages from certain transactions in securities.

Stamp Duty and Stamp Duty Reserve Tax

The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”) position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. No UK Stamp Duty or SDRT will be payable on the issue of the Placing Shares. UK Stamp Duty (at the rate of 0.5 per cent., rounded up where necessary to the next £5 of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that Ordinary Shares are not registered in any register of the Company kept in the UK any agreement to transfer Ordinary Shares should not be subject to SDRT.

Non-UK Shareholders

Shareholders who are not resident or ordinarily resident in the UK (or temporarily non-resident) and do not carry on a trade, profession or vocation through a branch or agent in the UK with which the Ordinary Shares are connected will not normally be liable to UK taxation on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

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

Although no new PEPs may be opened and no further subscriptions made to existing PEPs, the Ordinary Shares will qualify as an eligible security in an existing PEP, provided that the PEP manager acquires the Ordinary Shares by purchase in the market from proceeds raised from the sale of an existing PEP holding. The Ordinary Shares will also be qualifying investment for the stocks and shares component of an ISA, where they are acquired by an ISA manager by purchase in the market. Ordinary Shares are not eligible for inclusion in, or direct transfer into, a PEP or an ISA where they are acquired pursuant to the Placing.

Self-Invested Personal Pension Schemes (“SIPPs”)

Subject to restrictions on the purchase of shares by a sponsoring employer, Ordinary Shares may be held for the purposes of a SIPP where such shares are considered suitable investments by the scheme administrator.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers.

Isle of Man Taxation

There are no corporation, capital gains or inheritance taxes payable in the Isle of Man. Certain goods and services to the Company will be subject to VAT at the applicable rate.

No Isle of Man stamp duty or stamp duty reserve tax will be payable on the issue, transfer, conversion or redemption of Ordinary Shares.

The Company will be resident for tax purposes on the Isle of Man but subject to income tax at the rate of zero per cent.

Shareholders resident outside the Isle of Man will not suffer any income tax in the Isle of Man on any income distributions to them.

The foregoing summary does not address tax considerations which may be applicable to certain Shareholders under the laws of jurisdictions other than the Isle of Man. The Company has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in Ordinary Shares. It is the responsibility of all persons interested in purchasing the Ordinary Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the Ordinary Shares.

South African Taxation

The Company

RSA Tax Residents: A company that is tax resident in RSA is liable to RSA income tax on its worldwide income. A secondary tax on companies (“STC”) is levied on the distribution of dividends, regardless of whether the dividend arises from a capital or revenue receipt. Where a company is liquidated, all distributions are subject to STC (where the company in question is incorporated after 1 October 2001).

A company is considered to be a RSA tax resident if it is either incorporated in RSA or if it is effectively managed in RSA. The effective management concept focuses on the location of the executive management i.e. the location of the persons who execute and implement policy. The effective management of the Company will be conducted by the Investment Manager, which is not resident in South Africa.

Non-resident investors: Non-residents are only taxed in RSA on income derived from a source within RSA or which is deemed to be sourced within RSA. Where non-residents invest in a South African Resident company, any dividends declared are subject to STC.

South African tax legislation regards a company which receives foreign funding or which has more than 75 per cent. non-resident shareholders, as being thinly capitalised when the ratio of debt to equity exceeds 3:1. Where the debt/equity ratio exceeds 3:1, the South African Revenue Service will apply the thin capitalisation rules. Any interest charged on the portion of the debt which exceeds the 3:1 ratio will be regarded as excessive financial assistance and will be deemed to be a dividend for STC purposes at 12.5 per cent. Additionally, where interest is charged above the South African overdraft rate plus 2 per cent., the interest in excess of such rate will also be regarded as excessive financial assistance and will be subject to STC. Any interest which is regarded as excessive financial assistance will not rank as a deduction for South African income tax purposes.

STC is not to be regarded as a tax on dividends or withholding tax but rather a tax on the profits of the company which is payable by the company itself and not a tax on the dividends declared by a company, which would otherwise be payable by the shareholders.

Dividends: Distributions of dividends from South African companies are not subject to any withholding tax and are usually freely remittable to foreign shareholders. Dividends may be taxable in the country of residence of the investor. RSA has an extensive network of double taxation treaties (“DTAs”), which can be referred to on the South African Revenue Service’s website (i.e. www.sars.gov.za) and these DTAs tend to obviate instances of double taxation.

Interest: Interest is similarly not subject to any form of withholding tax but may be taxable in the recipient’s hands in such recipient’s country of residence.

Capital Gains Tax (“CGT”): Non-RSA residents are generally not subject to RSA CGT on the disposal of their investments, which are indirectly held in South Africa. The exceptions to the rule, which could potentially trigger a RSA CGT liability for the non-resident, are (1) if the asset disposed of was attributable to a permanent establishment of the non-resident in RSA; or (2) RSA based immovable property was disposed of; or (3) an interest in an underlying “property rich company” was disposed of. The South African target entities themselves are subject to RSA CGT irrespective of whether the ultimate shareholders of the company are foreign or local.

Building allowances: RSA tax legislation grants an urban development allowance as an incentive to encourage investments in identified urban development zones to address the problem of urban decay. The allowance provides for a depreciation allowance for the construction of new buildings and the refurbishment of existing buildings in identified inner cities. The Central Business Districts of Pretoria and Johannesburg fall in the list of identified inner cities.

The allowance is available to taxpayers who own the buildings, have constructed or refurbished them and used those buildings solely for the purposes of trade, including the letting thereof.

An allowance of 20 per cent. per annum for 5 years is granted where a building is refurbished. An initial construction allowance of 20 per cent. is granted in respect of a building constructed by an investor with a further 5 per cent. allowance for the next 16 years. Purchased buildings do not qualify for this construction allowance.

In order to qualify for the allowances, the building must be brought into use by 31 March 2009.

PART IX

ADDITIONAL INFORMATION

1. Directors Responsibility

The Directors, whose names are set out on page 7 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated with limited liability in the Isle of Man under the Law with registered number 117001C on 27 June 2006.
- 2.2 The Company's registered office and its principal place of business are in the Isle of Man and are located at Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH. Its telephone number is +44 (0)1624 699000.
- 2.3 Save for its entry into the material contracts summarised in paragraph 7 of this Part IX and certain non-material contracts, since its incorporation the Company has not carried on business nor incurred borrowings.
- 2.4 For statutory purposes under the provisions of the Law, and in accordance with the Articles, the Company may not proceed to allotment unless a minimum of two shares has been subscribed for.

3. Share Capital

- 3.1 At incorporation the authorised share capital of the Company was £2,000 divided into 200,000 Ordinary Shares of 1p each of which two were issued as subscriber shares to the two subscribers to the Memorandum and Articles of Association. Neither the Law nor the Articles impose pre-emption rights on the issue of new shares. Accordingly, at incorporation, the Directors were generally and unconditionally authorised to allot securities in the Company up to the authorised but unissued share capital of the Company and such power was not limited in duration.
- 3.2 Pursuant to an ordinary resolution of the Company dated 19 October 2006 the authorised share capital of the Company was increased from £2,000 to £500,000 by the creation of 49,800,000 Ordinary Shares of 1p each. Accordingly, the authorised share capital of the Company is now £500,000 divided into 50,000,000 Ordinary Shares of 1p each.
- 3.3 The authorised share capital and the maximum issued share capital of the Company (all of which will be fully paid-up) immediately following the Placing will be as follows:

	<i>Authorised</i>		<i>Issued*</i>	
	<i>No. of Shares</i>	<i>£ Nominal</i>	<i>No. of Shares</i>	<i>£ Nominal</i>
Ordinary Shares	50,000,000	£500,000	50,000,000	£500,000

* Assuming the Placing is fully subscribed.

- 3.4 By an ordinary resolution dated 19 October 2006 the Company took authority, in accordance with section 13 of the Companies Act 1992 of the Isle of Man, to make market purchases of fully paid Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased shall be 15 per cent. of the issued ordinary share capital of the Company issued pursuant to the Placing. The Company is permitted to fund the payments for purchases of Ordinary Shares in any manner permitted by section 15 of the Companies Act 1992 of the Isle of Man. Such authority shall expire at the first annual general meeting of the Company unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting.
- 3.5 By a special resolution dated 19 October 2006 it was resolved that, conditional on the Placing becoming unconditional and the approval of the High Court of Justice of the Isle of Man, the amount standing to the credit of the share premium account of the Company following completion of the Placing be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the books of account of the Company which shall be able to be applied in any manner in which the Company's profits available for distribution are able to be applied, including the purchase of the Company's own shares and payment of dividends. In deciding whether to give its confirmation, the court will be concerned to protect the

interests of any creditors of the Company as at the date the reduction takes effect. The court will require all such creditors to have been paid or to have consented to the reduction. Until the court has confirmed the reduction of the share premium account (and the terms of any undertaking regarding creditors required by the court to be complied with), the Company will only be able to distribute dividends and to repurchase Ordinary Shares out of existing distributable profits. There can be no assurance that the court will confirm the reduction of the share premium account.

- 3.6 In accordance with the power granted to the Directors by the Articles, it is expected that the Ordinary Shares to be issued under the Placing will be allotted (conditional upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission. There are no provisions of Isle of Man law equivalent to Sections 89 to 96 of the Companies Act 1985 of England and Wales which confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash.
- 3.7 The liability of Shareholders is limited to the amount payable in respect of Ordinary Shares held.
- 3.8 The Ordinary Shares carry the right to vote at general meetings, to dividends, and to the surplus assets of the Company on a winding-up, as further described in paragraph 5 below.
- 3.9 Save pursuant to the Placing, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 3.10 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.11 As of the date of this document, the Company has no listed or unlisted securities not representing share capital.

4. Directors and other Interests

- 4.1 The maximum amount of remuneration payable in aggregate to the Directors permitted under the Articles is £200,000 per annum.
- 4.2 The Directors were appointed as non-executive Directors by letters dated 20 October 2006 that state that appointment and any subsequent termination or retirement shall be subject to the Articles. Save as described above, there are no existing or proposed service contracts between any the Directors and the Company.
- 4.3 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 4.4 Save for Brian Myerson's interest as a director of the Investment Manager, no Director has any interest in any transactions which are or were unusual in their nature or significant to the business of the Company and which have been effected by the Company since incorporation and remain in any way outstanding or unperformed.
- 4.5 No Director (nor any member of a Director's family) has had a related financial product (as defined in the AIM Rules and the CISX Rules) referenced to Ordinary Shares.
- 4.6 No Director has agreed to subscribe for any Ordinary Shares under the Placing. No Director has any interest in the share capital of the Company nor has any person connected with any Director (so far as is known, or who could with reasonable diligence be ascertained by each Director) an interest in the share capital of the Company or with any options in respect of such capital.
- 4.7 The Company is not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control of the Company.
- 4.8 Save as set out below, the Company is not aware of any person holding directly or indirectly more than 3 per cent. of the Company's issued share capital or any person who will hold, directly or indirectly, more than 3 per cent. of the Company's issued share capital after Admission*.

<i>Name</i>	<i>Number</i>	<i>Ordinary* Shares %</i>
QVT Financial LP	10,000,000	20%
Standard Life	4,500,000	9%
Principle Capital Investment Trust	4,000,000	8%
Deutsche Asset Management	3,000,000	6%
Henderson Global Investors	2,500,000	5%
SVM Asset Management	1,500,000	3%

*Assuming the Placing is fully subscribed

- 4.9 The Company will purchase directors and officers liability insurance for the benefit of the Directors.
- 4.10 No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made, or been the subject of, any individual voluntary arrangement.
- 4.11 Save as disclosed below, none of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors. None of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been the subject of receivership.
- 4.12 Richard Tice was a director of Greenwich Iron & Steel Limited which was placed into voluntary liquidation in 1994. None of the Directors has been publicly criticised by any statutory or regulatory authority or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.13 There is no Directors shareholding qualification under the Articles or otherwise.
- 4.14 The directorships held by each of the Directors over the five years preceding the date of this document and the partnerships in which they have been partners in the five years preceding the date of this document are as follows:

	<i>Current</i>	<i>Past</i>
Peter Bester	Agrinet Bpk Vetsak Edms Bpk Distell Ltd Suidwes Beherend Bpk Suidwes Beleggings Bpk Suidwesfin Edms Bpk Suidwes Nywerhede Edms Bpk Suidwes Landbou Edms Bpk Marble Sharp five Pty Ltd The 127 Victoria Road Trust Present Perfect Investments 69 (Pty) Ltd Quantum Leap Investments 546 (Pty) Ltd Present Perfect Investments 31 (Pty) Ltd Blue Cloud Investments 31 (Pty) Ltd Lammermoor Investments CC Ikhamanzi Partnership Present Perfect Investments 81 (Pty) Ltd Global Pact Trading 103 (Pty) Ltd Global Pact Trading 299 (Pty) Ltd	Amalgamated Beverage Industries Ltd New Holland South Africa Ltd Farmtec (Pty) Ltd Anglovaal Industries Ltd National Brands Ltd Unit 179 Waterkant cc. 24 Loader Street Cape Town cc. Cadbury Schweppes (South Africa) Ltd (and subsidiaries)
David Humbles	Abbey Properties Ltd Bosbury Ltd Crampton Developments Ltd Delray Ltd Eadon Estates Ltd Elephant Road Operations Ltd Englewood Ltd Haysboro Ltd Kingdon Developments Ltd Malestrom Ltd Oakmayne Properties (Regeneration) Ltd Spanish Off-Plan Properties plc Speymill Deutsche Immobilien Company plc St Pauls Property Services Ltd Upper West Side Developments Ltd Vancouver Ltd Verdun Investments Westminster Properties Ltd	Range Left Jagged Right Ltd Total (Isle of Man) Ltd
Brian Myerson	Principle Capital Holdings S.A. Principle Capital Fund Managers Ltd Principal Capital Investment Trust plc Active Value Advisors Ltd Liberty PLC Shawford Park Helicopters Ltd	Dell Limited (The) Purple Capital Ltd Shawford Park Polo Ltd JAB Holdings Ltd Illuminator plc (renamed Blackstar Investors plc)

	<i>Current</i>	<i>Past</i>
Brian Myerson (continued)	Bulldog Financial Ltd Proteus Property Partners Limited	BNB Recruitment Solutions plc RM Auctions, Inc. Sage Group Ltd Marylebone Warwick Balfour Group plc
Quentin Spicer	Guernsey Housing Association LBG European Value & Income Fund Limited Mercator Group Holdings Limited AUB General Partner (Guernsey) Limited AUB Prime Limited ISIS Property Trust 2 Limited Quintain (Guernsey) Limited RAB Special Situations Limited Atlas Estates Limited O Twelve Estates Limited (and Subsidiaries) Protego Industrial Limited Protego Industrial (Guernsey) Limited PINE Trustee (Jersey) Limited Bizspace Management (Jersey) Limited Bathgate Property Company Limited Bellegrove Investments Limited Cambria House Limited Clifton Holdings Limited Dova Limited Farley Investment Enterprises Limited Lambert Smith Hampton Trustees Limited Sesame Properties Limited David Stein Limited UBK Opportunity Limited Farley Property Company Limited Wedlake Bell Guernsey (Partner) Wedlake Bell (Partner) Develica Deutschland Limited Summit Germany Limited	Breams Registrar and Nominees Limited Breams Trustees Limited Property Acquisition & Management Limited (and subsidiaries) Collins Stewart No.III Fund PCC Limited Coolstream Limited Granges International Limited Stanton International Limited Square Bay General Partner Limited WB Trustees
Richard Tice	Sunley (Thames Ditton) Limited Barley Showhomes Limited The Main Land Company Limited Limited Great Maytham Hall Management Limited GMH (2004) Limited Swallowfield Park Management Limited Aynhoe Park Management Limited AP (2004) Limited SP (2004) Limited Sunley Lewes Limited Sunley Estates Plc Executive Centre Brighton Limited Environ (Kent) Limited Sunley Homes (Gosport) Limited John Walker Developments (Kings Hill) Limited Sunley Twickenham Limited Sunley (Burwood Park) Limited Sunley Brighton Limited Sunley 158-162 London Road Limited Sunley Industrial Limited Sunley Lattiford Limited Sunley Walker (Tunbridge Wells) Limited Sunley Ealing Limited Sunley Kingston Limited Sunley Richmond Limited	Industrial Ownership Developments Limited Industrial Ownership (Southampton) Limited Sunnyfresh Property Management Wisealpine Limited Treatalpine Limited Freshsquare Property Management Limited Forwardlevel Property Management Limited Conceptbright Property Management Limited Idealnotch Property Management Limited Holdforward Property Management Limited Groundnotch Property Management Limited Havenslot Property Management Limited Nettravel Limited Leasefresh Property Management Limited Placeagent Limited Placefun Limited Travelgem Limited Watcheurope Limited Europecare Limited

	<i>Current</i>	<i>Past</i>
Richard Tice (continued)	Homes4Living Limited Linewebb Limited The New York Hotel 99 Limited Landmark Projects Limited Sunley Hawk Limited Sunley World of Golf (Enfield) Limited Executive Centre Piccadilly Limited Sunley Ventures Limited Sunley Thame Limited Cinio Limited Sunley Farms Limited Sunley Secure II Limited Industrial Ownership Public Limited Company Sunley Investments Limited Sunley Securities Limited John B Sunley & Sons Limited Sunley Holdings Plc Sunley Group Limited Sunley Enterprises Limited Sunley Family Limited Bernard & Mary Sunley Limited Longshine Properties Limited Berstell Properties Limited The Burgess Hill Land Company Limited United Learning Trust Compass Connections Limited Business For Sterling Belgravia House Limited Tisun Properties Limited Positiveplanning Limited Offices Please Limited Tisun Capital Partners LLP Maxcap Partners LLP	Finewatch Limited Europeall Limited Onegilt Limited Dundick Estates Limited Lattiford Management Company Limited Northcote Avenue Management Company Limited Florence Road Ealing Management Limited Casterbridge Real Estate Ltd Hatton Hill Day Nursery The IO Group Limited Property Fund Management PLC Redrow Corporate Services Limited Playgolf Limited Stengrain Limited Central Developments (Hammersmith) Limited Haleraise Limited Thames Walk Residents Association Limited Tay Homes PLC

5. Articles of Association

The Articles of Association of the Company contain provisions, inter alia, to the following effect:

5.1.1 Voting

Members have the right to receive notice of, and to vote at, general meetings of the Company. Each member who is present in person at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person or by proxy has one vote in respect of each share held.

5.1.2 Shares

- (a) The special rights attached to any class of shares may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy one-third in number of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present not less than one person who is present shall be a quorum).
- (b) Subject to the Articles, the unissued shares shall be at the disposal of the Directors, who may allot grant options over or otherwise dispose of them to such persons, on such terms and conditions as they determine, provided that no shares shall be issued at a discount.
- (c) The Company may also pay such brokerages and/or commissions as may be lawful.
- (d) Except as expressly stipulated in the Articles, as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any shares upon any trust and the Company shall not be bound by or recognise any interest in any share or in any fractional part of a share except an absolute right of the holder to the entirety of the share.

5.1.3 *Power to require disclosure*

The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person (other than the member) who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time (being not less than ten days and not more than thirty days from the date of despatch) as the Directors shall specify in such notice.

If any member is in default in supplying to the Company the information required by the Company within the prescribed period, the Directors in their absolute discretion may at any time following 14 days from the expiry of the prescribed period serve a disenfranchisement notice on the member. The disenfranchisement notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares"), the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the disenfranchisement notice shall additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

5.1.4 *Transfer of and transmission of shares*

The Articles are consistent with CREST membership and, *inter alia*, allow for the holding and transfer of shares in uncertificated form.

Any member may transfer all or any of his certificated shares by instrument of transfer in any form which the Board may approve or, in the case of uncertificated shares, without a written instrument in accordance with the CREST Regulations. The instrument of transfer of a share shall be signed by or on behalf of the transferor.

The Board may refuse to register any transfer of shares unless the instrument of transfer is lodged at the registered office accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The Board may in its absolute discretion and without giving any reason refuse to register a transfer of a certificated share unless:

- (a) it is in respect of a share that is fully paid up;
- (b) it is in respect of a share on which the Company has no lien;
- (c) it is in respect of only one class of shares;
- (d) it is in favour of a single transferee or not more than four joint transferees;
- (e) it is delivered for registration to the registered office of the Company or such other place as the Board may from time to time determine, accompanied (except in the case where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so

provided that such discretion may not be exercised in such a way as to prevent dealings from taking place on an open and proper basis.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year.

5.1.5 *Registration of an uncertificated share transfer*

The Directors shall register a transfer of title to any share held in uncertificated form in accordance with the CREST Regulations, except that the Directors may refuse (subject to any relevant requirements applicable to AIM or any other investment exchange to which the shares of the Company are admitted) to register any such transfer which is in favour of more than four persons jointly or in any other circumstance permitted by the CREST Regulations.

5.1.6 *Alteration of capital*

The Company may from time to time, subject to the provisions of the Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Law.

The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the Company's Memorandum of Association; convert all or any of its share capital into different classes of shares than its existing shares; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly; and convert all or any fully paid up shares into stock and reconvert that stock into paid up shares of any denomination.

The Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any undistributable reserve in any manner permitted by and with and subject to any consent required by the Law.

5.1.7 *Powers and duties of the Board*

- (a) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which, directly or indirectly, he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of or otherwise through the Company) or a duty which conflicts with the interests of the Company.
- (b) Subject to the Law, a Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (iii) a contract, arrangement, transaction or proposal concerning the offer of shares, debentures or other securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;
 - (iv) a contract, arrangement, transaction or proposal concerning any other company in which he is interested, directly or indirectly, as an officer, creditor, shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;
 - (v) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or
 - (vi) a contract, arrangement, transaction or proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.
- (c) Subject to the Law, any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director on such terms as to remuneration and otherwise as the remuneration committee may arrange.
- (d) Subject to the Law, any Director may continue to be or become a director, managing director, manager or other officer or member of a company promoted by or promoting the Company or in which the Company is otherwise interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

5.1.8 *Notification of Interest*

A Director who to his knowledge is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

5.1.9 *Remuneration of Directors*

- (a) The Directors shall be entitled to receive by way of fees for their services such sum as the Board shall determine provided that the aggregate amount of such fees shall not exceed £200,000 per annum (or

such greater sum as may be determined from time to time by ordinary resolution of the Company). The Directors shall also be entitled to be paid all reasonable out of pocket expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the remuneration committee may determine.
- (c) The Directors may from time to time appoint one or more of their body to be holder of any executive office including the office of managing director on such terms and for such periods as they may determine.

5.1.10 *Retirement of Directors*

At each annual general meeting, any Director who was elected or last re-elected a Director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation.

5.1.11 *Dividends and distribution of assets on a winding up*

- (a) Subject to the rights of persons entitled to shares with special rights as to dividends, the Company in general meeting may, in accordance with the Law, declare a dividend but no dividend shall exceed the amount recommended by the Board.
- (b) No dividend shall be paid other than from the profits resulting from the Company's business.
- (c) The Directors may if they think fit from time to time pay the members such interim dividends as appear to be justified by the profits of the Company in accordance with the Law.
- (d) No dividend or other amount payable to any Shareholder shall bear interest against the Company.
- (e) All unclaimed dividends and other amounts payable as aforesaid and unclaimed for 12 months after having become repayable may be invested or otherwise made use of for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 5 years after having been declared or become due for payment shall be forfeited and shall revert to the Company.
- (f) If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled thereto by post are returned to the Company undelivered or left uncashed on two consecutive occasions the Company shall not be obliged to send any further dividends or other moneys payable in respect of that share due to that person until he notifies the Company of an address to be used for that purpose.
- (g) The Board may with the prior authority of an ordinary resolution of the Company and subject to such conditions as the Board may determine, provided that the Company has sufficient unissued shares and undistributed profits or reserves to give effect to it, offer to any holders of Ordinary Shares the right to receive Ordinary shares credited as fully paid, in whole or in part in stead of cash in respect of the whole or some part (to be determined by the Board) of any dividend specified by the ordinary resolution.
- (h) The Directors are also empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits as they think proper.
- (i) The Board shall have the power in the name of and on behalf of the Company to present a petition to the court for the Company to be wound up.
- (j) If the Company should be wound up the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. If the Company should be wound up the liquidator may with the authority of a special resolution and subject to the Law, divide amongst the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes or property, and may determine how such division should be carried out as between the members or different classes of members.

5.1.12 *Borrowing*

Subject to the Law, the Directors may exercise all and any powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) 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 any third party.

5.1.13 *Register of Shareholders*

The Company shall keep the register at its registered office, in accordance with the Law.

5.1.14 *Duration*

At the annual general meeting of the Company to be held in respect of the year ended 30 June 2013, the Directors are obliged to propose an ordinary resolution that the Company shall continue in existence. If the resolution is passed then the Directors shall propose the same resolution at every third annual general meeting thereafter. If the resolution is not passed then the Directors shall, within 3 months after the date of the resolution, put forward proposals to shareholders to the effect that the Company be wound up, liquidated, reorganised or unitised.

6. Overseas Investors

No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares nor should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.

The Company is not registered with the US Securities Exchange Commission under the US Investment Companies Act of 1940, as amended (the "1940 Act"). In addition, the Ordinary Shares are not registered under the US Securities Act of 1933, as amended (the "1933 Act"). Therefore, the Ordinary Shares may not be publicly offered or sold in the US or directly or indirectly to or for the benefit of a "US Person" as defined herein. A "US Person" as used herein means a "US Person" as defined under Regulation S of the 1933 Act, as well as the following (1) a citizen or resident of the US; (2) a partnership or corporation organised or incorporated under the laws of any state, territory or possession of the US; (3) any estate or trust, other than an estate or trust which is not subject to US income tax on its income derived from sources outside the US and not effectively connected with the conduct of a trade or business within the US; or (4) any estate or trust which has a US person as its executor, administrator, or trustee. Ordinary Shares will be offered or sold within the United States only to Qualified Purchasers, as defined under the 1940 Act.

7. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material:

- 7.1 A Management Agreement dated 20 October 2006 between the Company and the Investment Manager pursuant to which the Investment Manager has agreed to provide investment management services to the Company in relation to the portfolio of assets held by it from time to time. In consideration for its services thereunder, the Investment Manager is entitled to be paid an annual management fee of 2 per cent. of the Net Asset Value payable quarterly in advance.

The Investment Manager will be responsible for the payment of all fees to the Investment Adviser.

The Investment Manager will be entitled to a performance fee in certain circumstances. This fee is payable by reference to the increase in net asset value per Ordinary Share. The Investment Manager will become entitled to a performance fee in respect of the period from Admission to 30 June 2009 and any subsequent financial period at the end of which the net asset value per Ordinary Share is above the performance fee hurdle. The performance fee hurdle for the period ending 30 June 2009 is 100p per Ordinary Share increased at a rate of 12 per cent. per annum, on an annual compounding basis up to the end of the period but adjusted so as to exclude, with effect from the date(s) of payment, any dividends paid during the period.

The performance fee hurdle thereafter shall be calculated on the same basis save that whenever a performance fee is earned the net asset value per Ordinary Share at the end of the financial period by reference to which it is earned will be substituted for 100p per Ordinary Share.

If the performance hurdle is met the performance fee payable will be an amount equal to 20 per cent. of the amount of the increase in the net asset value per Ordinary Share, multiplied by the time weighted average of the number of Ordinary Shares in issue since inception or (if later) the end of the last financial period by reference to which a performance fee was earned.

75 per cent. of any performance fee will be paid to the Investment Manager in cash within 10 Business Days of the publication of the final audited results for the relevant performance period end and 25 per cent. of any performance fee shall be paid to the Investment Manager within 10 Business Days of publication of the final audited results for the relevant performance period end by the allotment and issue to the Investment Manager of such number of Ordinary Shares which, when multiplied by the prevailing Net Asset Value per Ordinary Share on date of issue, results in a value equal to that of 25 per cent. of the performance fee.

All amounts payable to the Investment Manager by the Company shall be paid together with any value added tax or similar tax, if applicable.

The Management Agreement also provides that the Investment Manager will ensure that the Company is given the right of first refusal in respect of all relevant investment opportunities available to the Investment Manager until the Company is at least 80 per cent. (or such other level as may be agreed by the Board) invested.

The Management Agreement is subject to termination, *inter alia*, on 12 months' notice by either party, such notice not to be given before the third anniversary of Admission. The Agreement contains an indemnity in favour of the Investment Manager from the Company for losses it may suffer in connection with its performance of duties under the Agreement.

- 7.2 A Placing Agreement dated 20 October 2006 between the Company, the Investment Manager and Teather & Greenwood pursuant to which Teather & Greenwood has agreed to use its reasonable endeavours as agent for the Company to procure places at the Placing Price for up to 50 million Placing Shares. In consideration for its services Teather & Greenwood will be paid a commission of 2 per cent. of the aggregate value, at the Placing Price, of the Placing Shares issued pursuant to the Placing, together with a corporate finance fee of 0.5 per cent. of the aggregate value, at the Placing Price, of the Placing Shares issued pursuant to the Placing, provided that if the total expenses (excluding VAT) payable by the Company in respect of the launch of the Company and the Placing would otherwise exceed 3 per cent. of the gross proceeds of the Placing, the corporate finance fee shall be reduced by an amount equal to the excess (but not to less than nil).

The Placing Agreement contains certain warranties and indemnities given by the Company (which are of a customary nature) and the Investment Manager in favour of Teather & Greenwood. The Placing Agreement may be terminated in certain circumstances prior to Admission.

- 7.3 An Administration Agreement dated 20 October 2006 between the Company and the Administrator pursuant to which the Administrator is appointed to act as administrator and registrar of the Company and to provide a company secretary.

The Administrator will be entitled to receive a fee of 10 basis points per annum of the net assets of the Company between £0 and £50 million; 8.5 basis points per annum of the net assets of the Company between £50 million and £100 million and 7 basis points per annum of the net assets of the Company in excess of £100 million, subject to a minimum monthly fee of £3,750 and a maximum monthly fee of £10,000 payable quarterly in arrears. The Administrator is also entitled to an inception fee by reference to time spent subject to a minimum fee of £10,000.

The Administrator shall assist in the preparation of the interim and annual financial statements of the Company for which it shall receive an additional fee of £1,750 per set.

The Administrator may utilise the services of a CREST accredited registrar for the purposes of settling share transactions through CREST. The cost of this service will be borne by the Company. It is anticipated that the cost will be in the region of £6,000 per annum subject to the number of CREST settled transactions undertaken.

The Administrator shall provide general secretarial services to the Company for which it shall receive a minimum annual fee of £5,000. Additional fees, based on time and charges, will apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of £350 per day or part thereof will be charged.

The Administrator shall also be entitled to reimbursement of out-of-pocket expenses properly incurred by the Administrator in carrying out its duties. The Agreement contains an indemnity in favour of the Administrator against claims against it except to the extent that the claim is due to the negligence, wilful default or fraud of the Administrator. The Agreement may be terminated by either party giving to the other not less than 90 days' notice in writing or otherwise in certain circumstances, including, *inter alia*, if one of the parties goes into liquidation.

- 7.4 A Custodian Agreement dated 20 October 2006 between the Company, the Investment Manager and the Custodian pursuant to which the Custodian is appointed to provide a safekeeping service to the Company.

The Custodian will be entitled to receive an annual minimum fee of £5,000 per annum, payable quarterly in arrears.

The Custodian expects to review and, subject to written agreement between the Company and the Custodian, may amend the foregoing fees six months after the date of Admission and annually thereafter. The Custodian shall also be entitled to reimbursement of out-of-pocket expenses properly incurred by the Custodian in carrying out its duties.

The Agreement contains an indemnity in favour of the Custodian against claims against it except to the extent that the claim is due to the negligence, wilful default or fraud of the Custodian. The Agreement may be terminated by either party giving to the other not less than 90 days' notice in writing or otherwise in certain circumstances including, *inter alia*, if one of the parties goes into liquidation.

- 7.5 An Agreement ("Offshore Registrar Agreement") dated 20 October 2006 between the Company and Capita Registrars (Jersey) Limited ("Registrar") whereby the Registrar is appointed to act as offshore registrar of the Company.

The Registrar shall be entitled to receive an annual registration fee from the Company of £2.00 per shareholder account, subject to an annual minimum charge of £5,500. Additional fees payable by the Company include, *inter alia*, £80 for additional listings and reports as well as excess transfer charges.

The Registrar shall also be entitled to reimbursement of all reasonable out of pocket expenses properly incurred on behalf of the Company. The Offshore Registrar Agreement is terminable by either party giving not less than 3 months' notice, such notice to expire at any time on or after the first anniversary of Admission.

- 7.6 A Nominated Adviser Agreement dated 20 October 2006 between the Company, the Directors and Teather & Greenwood under which Teather & Greenwood has agreed, *inter alia*, to act as the Company's Nominated Adviser as required by AIM Rules. Teather & Greenwood has agreed to provide such advice and guidance to the Company to facilitate compliance by the Company on an on-going basis with the AIM Rules as the Directors may reasonably request from time to time.

Teather & Greenwood will receive an annual fee of £15,000 (plus VAT) for its services, payable half-yearly in advance. The Company has also given certain undertakings and indemnities to Teather & Greenwood in connection with its appointment as Nominated Adviser. This agreement is terminable by either Teather & Greenwood or the Company on one month's notice, such notice not to expire earlier than the first anniversary of the date of the agreement.

- 7.7 A Nominated Broker Agreement dated 20 October 2006 between the Company, the Directors and Teather & Greenwood under which Teather & Greenwood has agreed to act as the Company's broker on an on-going basis.

Teather & Greenwood will receive an annual fee of £15,000 (plus VAT) for its services, payable half-yearly in advance. The Company has also given certain undertakings and indemnities to Teather & Greenwood in connection with its appointment as broker. This agreement is terminable by Teather & Greenwood or the Company on one month's notice, such notice not to expire earlier than the first anniversary of the date of the agreement.

- 7.8 A Sponsorship Agreement dated 20 October 2006 between the Company and Carey Commercial Limited pursuant to which the Company appointed Carey Commercial Limited as sponsor of the listing of the Ordinary Shares on the Channel Islands Stock Exchange.

Carey Commercial Limited will be paid a fee of £6,000 for the initial listing, an annual fee of £1,750 and a fee determined by reference to the number of hours spent on the work undertaken by Carey Commercial Limited by reference to its standard hourly charging rates. The Company has also given certain indemnities to Carey Commercial Limited in connection with its appointment as sponsor. The Agreement may be terminated by either party giving to the other not less than 60 days notice in writing at any time.

- 7.9 A Strategic Alliance Agreement dated 20 October 2006 between the Company and Sapling Property Investments (Pty) Ltd pursuant to which the Strategic Adviser is appointed to provide certain strategic investment advice to the Company in relation to South African property investment opportunities.

The Strategic Adviser will be entitled to receive a fee for its services as agreed between the parties from time to time. The current agreed fee is £40,000 per annum. The Strategic Adviser will also be entitled to retain, free of costs, a percentage of each of the public sector or government property investment opportunities that it introduces to the Company.

The Agreement contains an indemnity in favour of the Strategic Adviser against actions, proceedings, claims, losses, damages, taxes and liabilities brought against the Strategic Adviser by reason of, relating to or resulting from the performance of its duties under this Agreement.

The Agreement may be terminated at any time, *inter alia*, by the Strategic Adviser giving to the Company not less than 90 days written notice. The Company may terminate the Agreement at any time by giving written notice to the Strategic Adviser upon termination of the Management Agreement.

- 7.10 A Co-Investment Deed dated 20 October 2006 between the Company and Richard Currie (the "Coinvestor"), pursuant to which the Coinvestor undertakes that he will invest the sum of R250,000 (or, if lower, the sum of 1.5 per cent. of the total investment value of that Development Project, as defined) in each and every Development Project that any member of the Company's group invests in, provided that the Coinvestor shall at no time be required to have invested in total more than R1.5 million. The terms of the Deed shall be applicable for the first three years of the Company's life and shall be subject to renewal for successive two year periods thereafter by agreement of the Board and the Coinvestor. The Agreement may be terminated at any time by the Company in instances where the Coinvestor commits any material breach of any term of the Agreement or *inter alia* the Coinvestor becomes bankrupt.
- 7.11 A Co-Investment Deed dated 20 October 2006 between the Company and Keith Wolstenholme (the "Coinvestor"), pursuant to which the Coinvestor undertakes that he will invest the sum of R250,000 (or, if lower, the sum of 1.5 per cent. of the total investment value of that Development Project, as defined) in each and every Development Project that any member of the Company's group invests in, provided that the Coinvestor shall at no time be required to have invested in total more than R1.5 million. The terms of the Deed shall be applicable for the first three years of the Company's life and shall be subject to renewal for successive two year periods thereafter by agreement of the Board and the Coinvestor. The Agreement may be terminated at any time by the Company in instances where the Coinvestor commits any material breach of any term of the Agreement or *inter alia* the Coinvestor becomes bankrupt.
- 7.12 A Co-Investment Deed dated 20 October 2006 between the Company and Brian Smith (the "Coinvestor"), pursuant to which the Coinvestor undertakes that he will invest the sum of R250,000 (or, if lower, the sum of 1.5 per cent. of the total investment value of that Development Project, as defined) in each and every Development Project that any member of the Company's group invests in, provided that the Coinvestor shall at no time be required to have invested in total more than R1.5 million. The terms of the Deed shall be applicable for the first three years of the Company's life and shall be subject to renewal for successive two year periods thereafter by agreement of the Board and the Coinvestor. The Agreement may be terminated at any time by the Company in instances where the Coinvestor commits any material breach of any term of the Agreement or *inter alia* the Coinvestor becomes bankrupt.

Save for the agreements summarised above, the Company has not entered into any material contract or entered into any other contract which contains any provision under which the Company has any obligations or entitlement that is material to the Company as at the date of this document.

8. Working Capital

In the Directors' opinion, having made due and careful enquiry, the working capital available to the Company will, from Admission, be sufficient for its present requirements, that is for at least the next 12 months.

9. Miscellaneous

- 9.1 The Company will be applying to CRESTCo for the Ordinary Shares to be admitted to CREST as a participating security. It is expected that the admission of the Ordinary Shares to CREST as a participating security will be effective from or soon after Admission. Shareholders who are direct or sponsored members of CRESTCo will be able to dematerialise the Ordinary Shares in accordance with the rules and practices instituted by CRESTCo.
- 9.2 The Company has not been and is not currently engaged in any legal or arbitration proceedings nor, so far as the Company is aware, are there any such legal or arbitration proceedings pending or threatened by or

against the Company which may have or have had since the Company's incorporation a significant effect on the Company's financial position.

- 9.3 None of the Ordinary Shares available under the Placing is being underwritten.
- 9.4 The Company has no subsidiaries.
- 9.5 The Directors confirm that the Company was incorporated and registered on the date referred to in paragraph 1 above and that, save for its entry into the material contracts described in paragraph 7 above, the Company has not traded, no accounts have been made up and no dividends have been declared.
- 9.6 There has been no significant change in the financial or trading position of the Company since the date of its incorporation or any factors which have influenced its activities. The Company does not have nor has it had since incorporation any employees and it neither owns nor leases any premises.
- 9.7 The Company is not dependent on any patents or other intellectual property rights or licences.
- 9.8 The Company currently has no significant investments in progress.
- 9.9 Save as disclosed in this document, no person has received, directly or indirectly, from the Company since the date of incorporation of 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.
- 9.10 Teather & Greenwood Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.11 Proteus Property Partners Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.12 Proteus Property Advisors (Pty) Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.13 Sapling Property Investments (Pty) Ltd has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.14 Anglo Irish Fund Services Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.15 Anglo Irish Bank Corporation (I.O.M.) P.L.C. has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.16 The registered address of the Investment Manager is c/o M&C Corporate Services Limited, PO Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- 9.17 The ISIN number of the Ordinary Shares is GB00B16GQJ90. The SEDOL code of the Ordinary Shares is B16GQJ9.
- 9.18 The Company will not make any material change in the investment objectives and policy of the Company for a period of three years following Admission without the approval of Shareholders by ordinary resolution.
- 9.19 Other than as provided in the City Code on Takeovers and Mergers there are no rules or provisions relating to mandatory takeover bids in relation to the Ordinary Shares. There are no rules or provisions relating to squeeze-out and/or sell-out rules, save as provided by Section 154 of the Isle of Man Companies Act 1931 (as amended), relating to the Ordinary Shares.
- 9.20 The Directors confirm that, in accordance with the AIM Rules, they will seek Shareholder approval of the Company's investment strategy at each annual general meeting of the Company until the Company is substantially invested.

10. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Stephenson Harwood, One, St. Paul's Churchyard, London EC4M 8SH and at the offices of Carey Commercial Limited, 7 New Street, St. Peter Port, Guernsey GY1 4BZ during business hours on any weekday from the date of this document (Saturdays, Sundays and public holidays excepted) until one month after the date of Admission:

- 10.1 the Memorandum and Articles of the Company;

- 10.2 the material contracts referred to in paragraph 7 of this Part IX;
- 10.3 the Isle of Man Companies Acts 1931 to 2004;
- 10.4 the consent letters referred to in paragraph 9 of this Part IX; and
- 10.5 this document.

Dated: 20 October 2006

