

PROSPECTUS

A copy of this document, which comprises a prospectus relating to J.P. Morgan Private Equity Limited (the “Company”) prepared in accordance with the Listing Rules and the Prospectus Rules of the Financial Services Authority made under section 73A of the Financial Services and Markets Act 2000, as amended, has been delivered to the FSA in accordance with Rule 3.2 of the Prospectus Rules.

The attention of existing and potential investors is drawn to the “Risk Factors” set out on pages 9 to 33 of this document. The definitions used in this document are set out on pages 133 to 139.

Applications have been made to the UK Listing Authority for 44,727,053 US\$ Equity Shares and 30,410,753 2017 Zero Dividend Preference Shares in the capital of the Company to be issued pursuant to the Acquisition, to be admitted to the premium segment and standard segment of the Official List of the UK Listing Authority respectively, and to the London Stock Exchange for 44,727,053 US\$ Equity Shares and 30,410,753 2017 Zero Dividend Preference Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that admission of the Placing Shares to the premium segment and the standard segment (as appropriate) of the Official List will become effective and that dealings in the Placing Shares will commence on 12 September 2011.

Each of the Directors of the Company, whose names appear on page 41 of this document, and the Company accept responsibility for this document. The Directors and the Company itself declare that, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of their and its knowledge, in accordance with the facts and contains no omission likely to affect its import.

J.P. MORGAN PRIVATE EQUITY LIMITED

(a closed-ended company incorporated in Guernsey and registered with number 43107)

Issue of 44,727,053 US\$ Equity Shares and 30,410,753 2017 Zero Dividend Preference Shares in connection with the Acquisition of the Transfer Portfolio

Sponsor and Broker

Liberum Capital Limited

Managers

Bear Stearns Asset Management Inc.

JPMorgan Asset Management (UK) Limited

Liberum Capital Limited is acting for the Company and for no-one else in connection with the issue of the Placing Shares. Liberum Capital Limited will not regard any other person (whether a recipient of this document or not) as their client in relation to the issue of the Placing Shares and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Liberum Capital Limited or for affording advice in relation to the contents of this document or on any matters referred to herein.

The Company is an Authorised Closed Ended Investment Scheme authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Neither the States of Guernsey Policy Council nor the Guernsey Financial Services Commission take any responsibility for the soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

The Placing Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (“US Securities Act”), or under any securities laws of any state or other jurisdiction of the United States. The Placing Shares may not be offered, sold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US person (as defined in Regulation S under the US Securities Act, “US Person”). The Placing Shares are being offered and sold only outside the United States to non-US Persons in “offshore transactions” in accordance with the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. There will be no public offer of the Placing Shares in the United States.

The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the “US Investment Company Act”), and investors will not be entitled to the benefits of that Act. No offer or sale of Placing Shares may be made except under circumstances which will not result in the Company being required to register under the United States Investment Company Act.

This document may not be used for, or in connection with, and does not constitute an offer to sell, or the solicitation of an offer to buy, the Placing Shares to, or for the account or benefit of, any US Person or in the United States or any other Excluded Territory. Persons within the United States and US Persons will not be eligible to participate in the Acquisition.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document should not be distributed, forwarded, transferred or otherwise transmitted to any person within the United States or any US Persons. All Overseas Investors and any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or legal obligation to forward this document, if and when received, to a jurisdiction outside the United Kingdom should read the section titled “Overseas persons” in Part IX of this document.

No action has been taken by the Company or Liberum Capital Limited that would permit an offer of the Placing Shares, or possession or distribution of this document or any accompanying documents in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

Dated 16 August 2011

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SUMMARY

The Placing Shares are only suitable for existing and potential investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the Placing Shares would be of a long-term nature and constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in the Company.

This summary should be read as an introduction to the full text of this prospectus and any decision to invest in the Placing Shares should be based on consideration of the full text of this prospectus as a whole. Where a claim relating to the information contained in this prospectus is brought before a court, a plaintiff investor may, under the national legislation of an EEA state, have to bear the costs of translating this prospectus before the legal proceedings are initiated. Civil liability attaches to the Company and its Directors, who are responsible for this summary, including any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus.

The Company

- J.P. Morgan Private Equity Limited is a Guernsey registered and incorporated closed-ended investment company and is designed primarily to invest in the global private equity market. The Company's issued share capital has been admitted to listing on the premium segment and the standard segment (as appropriate) of the Official List and admitted to trading on the main market of the London Stock Exchange (LSE:JPPEL, JPPEZ, JPZZ, JPWW).
- In summary, the investment objective of the Company is to achieve both short and long-term capital appreciation by investing in a well-diversified portfolio of private equity fund interests and by capitalising on the inefficiencies of the secondary private equity market.
- The Company primarily pursues the following strategies to enhance Shareholder value and to meet its investment objective:
 - acquire secondary market portfolios of direct fund investments, significantly invested partnership interests and partially drawn commitments, in order to accelerate Net Asset Value development;
 - opportunistically invest in buyout, special situation, venture capital and other fund investments throughout the world based on attractive transaction values, advantageous market conditions and compelling risk adjusted return potential;
 - obtain exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation;
 - diversify its portfolio by manager, industry, geography, investment stage and vintage year; and
 - actively manage the Company Portfolio by repositioning its investment composition from time to time in order to capitalise on changes in private equity market conditions.

The Acquisition

- On 15 August 2011, the Company entered into a transfer agreement with the SPL Funds to acquire their outstanding limited partnership interests comprising the Parallel Private Equity Limited Partnership valued at £56.5 million (approximately US\$91.9 million based on exchange rates as at 12 August 2011).
- The Transfer Portfolio consists of 38 underlying direct co-investments with leading fund managers including Duke Street, Barclays Private Equity, 3i and Milestone.
- The Managers believe that the Acquisition is complementary to the existing Private Equity Portfolio as the Transfer Portfolio will enhance the Company's existing exposure to the European mid-market, an area in which the Managers believe is an attractive segment in which to invest over the next several years and in which the Managers would like to supplement the Company's existing allocations.

- Under the terms of the Acquisition, the Purchase Price of £56.5 million will be adjusted for capital calls and distributions made by the Parallel Private Equity Limited Partnership between the date on which the Acquisition Agreement was signed and the Closing Date (as further described below). The Purchase Price will be payable in the form of: (i) US\$ Equity Shares with an aggregate value of £36.7 million (based on prevailing exchange rates) issued at their aggregate prevailing unaudited Net Asset Value per US\$ Equity Share of US\$ 1.34 as at 30 June 2011 which will represent 65 per cent. of the Purchase Price, and (ii) 2017 ZDP Shares with a Redemption Yield of 8.25 per cent. per annum with an aggregate value of £19.8 million representing 35 per cent. of the Purchase Price. The Purchase Price will be payable to the respective owners of the SPL Funds in proportion to their relative interests in the Transfer Portfolio.
- As at 30 June 2011, the value of the Transfer Portfolio was £59.2 million based on recent valuations made by the general partners of the underlying investment vehicles with further adjustments as set out below. Based on this valuation and the value of the Private Equity Portfolio as at 30 June 2011, the Transfer Portfolio is being acquired at a 4.7 per cent. discount to the prevailing net asset value.
- Conditional on the completion of the Acquisition, the Company and the SPL Funds have also entered into an Economic Transfer Agreement relating to two ownership interests comprised in the Transfer Portfolio. Pursuant to the Economic Transfer Agreement, the Company will retain record and legal ownership of the relevant interests in accordance with the terms of the Acquisition Agreement but will transfer to the SPL Funds all economic rights, benefits and obligations in and to those ownership stakes.
- The Acquisition is conditional upon, amongst others, the approval of the shareholders of the SPL Funds which will be sought at the relevant general meetings of the shareholders of the SPL Funds to be held on or about 9 September 2011, and Admission occurring at 8.00 a.m. on the Closing Date.
- The Acquisition is also conditional on Admission, which may not occur if the SPL Funds and/or Liberum Capital are unable to procure a sufficient number of subscribers for the 2017 ZDP Shares such as to ensure that at least 25 per cent. of the total number of 2017 ZDP Shares (in respect of which application has been made for a Standard Listing) issued have been distributed to the public.

The Exchange

The Company is currently considering a proposal to offer holders of 2013 ZDP Shares the opportunity, in the future, to exchange a certain percentage of the 2013 ZDP Shares held by them for 2017 ZDP Shares and will make a further announcement when additional information is available as to whether an exchange offer will in fact be made. The proposed exchange offer would be limited to an amount equal to 40 per cent. of the total outstanding 2013 ZDP Shares, notwithstanding a formal rollover or redemption of the entire class as must occur prior to the Final Capital Entitlement Date of the 2013 ZDP Share class as determined by vote of the Company's shareholders.

2017 ZDP Shares

- 2017 ZDP Shareholders, subject to Admission occurring, will have an illustrative initial capital entitlement on 12 September 2011 of 65 pence per 2017 ZDP Share growing to a 2017 Final Capital Entitlement of 107.1 pence per 2017 ZDP Share on the 2017 Final Capital Entitlement Date, equivalent to a Redemption Yield of 8.25 per cent. per annum.

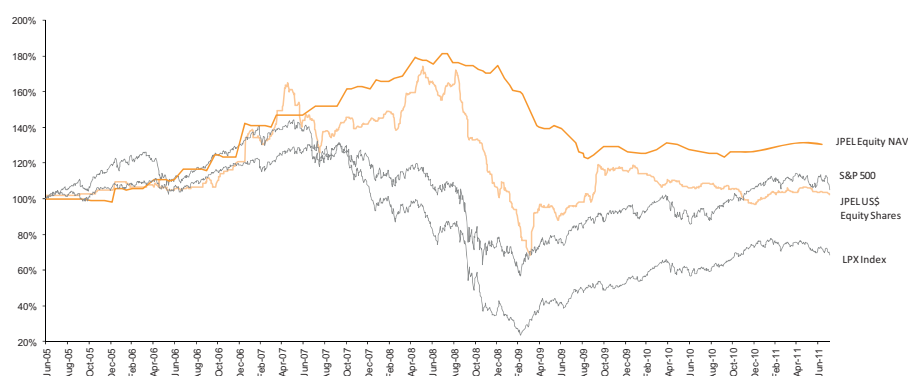
US\$ Equity Share Performance

- Based on the unaudited NAV per US\$ Equity Share of US\$1.34 as at 30 June 2011, the Company has increased the NAV US\$ Equity Share by 4.7 per cent. and 31.4 per cent. on an annualised and cumulative basis, respectively, since the Company's initial public offering completed on 30 June 2005.

¹ The Redemption Yield of a 2017 ZDP Share is not, and should not be taken as, a forecast of profits and there can be no assurance that the 2017 ZDP Shares will be repaid in full on the 2017 Final Capital Entitlement Date of 31 December 2017.

- In its accounting year ended 30 June 2011, the Company continued to produce positive performance, generating a 4.7 per cent. annual return over the prior 12 months as based on the improvement in the NAV per US\$ Equity Share. In its inaugural financial period ended 30 June 2006, the Company generated a 16.7 per cent. annual return, in its second financial year ended 30 June 2007, the Company generated a 34.5 per cent. annual return, in its third financial year ended 30 June 2008, the Company generated a 15.6 per cent. annual return and in its fourth financial year ended 30 June 2009, the Company generated a negative 27.6 per cent. annual return. In its fifth financial year ended 30 June 2010, the Company generated a negative 4.5 per cent. annual return.
- As at 30 June 2011, the Company's US\$ Equity Share price has increased, in aggregate, by 1.5 per cent. since 30 June 2005, outperforming the LPX® Composite Index which had decreased 28.4 per cent. during the same period (source: Managers and Listed Private Equity Index (www.lpx.ch)).
- Due in part to the recent market volatility, the Company's US\$ Equity Share price has declined by 17.1 per cent. in the period from 30 June 2011 to 11 August 2011 (the latest practicable date prior to the publication of this document). In the same period, the LPX® Composite Index has decreased by 17.7 per cent.

Quarterly NAV and Share Performance



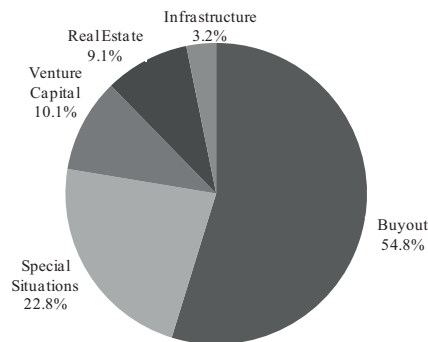
Source: Manager, Bloomberg.

Note: The Company's historical results and Share price history may not be indicative of the future results.

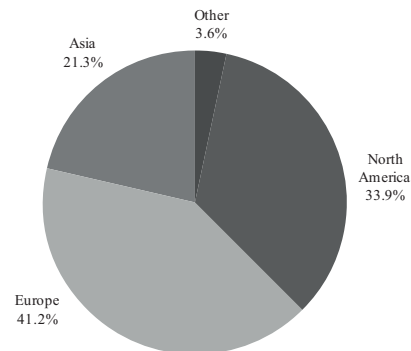
The Company's Portfolio

- As at 30 June 2011, the Private Equity Portfolio consisted of 108 separate fund investments, 12 co-investments and six fund of funds with an aggregate value of US\$647.4 million.
- The Company's initial investment focus was on building a core secondary portfolio, which the Company has supplemented with co-investment opportunities and funded primary interests. The vast majority of the Company's Net Asset Value is a result of fund investments purchased in the secondary market, co-investments, primary fund investments and cash on hand.
- The Company continues to diversify its investments by type, strategy, vintage year, geography and industry classification.

**Diversification by Investment Strategy
(as at 30 June 2011)**



**Diversification by Geography
(as at 30 June 2011)**



- The Company's Private Equity Portfolio, acquired over the period from June 2005 through to the present, is principally weighted towards leveraged buyout investment strategies (approximately 54.8 per cent. as at 30 June 2011) with exposure to fund interests of 14 different vintage years primarily throughout Europe (41.2 per cent.) and North America (33.9 per cent.).
- The Company Portfolio can change substantially. Shareholders should have no expectation that the Company will continue to focus in the future on the key strategies described above. Any material changes to the Company's investment policy will only be made with the approval of Shareholders.

Capital Structure and Gearing

- As at 30 June 2011 the issued share capital of the Company consisted of 356,877,850 US\$ Equity Shares with an aggregate Net Asset Value (as at 30 June 2011) of US\$476,829,238 million (not including 11,036,914 US\$ Equity Shares held in treasury), 63,312,305 2013 ZDP Shares with an aggregate Net Asset Value (as at 30 June 2011) of £40,143,775 million (not including 2,106,519 2013 ZDP Shares held in treasury) and 68,592,306 2015 ZDP Shares with an aggregate Net Asset Value (as at 30 June 2011) of £41,228,587 million (not including 829,241 2015 ZDP Shares held in treasury) (Source: management accounts, unaudited). The Company has also issued 57,895,919 Warrants that may be converted on a one for one basis, into US\$ Equity Shares on the terms set out in the Warrant Instrument. As at 11 August 2011 (the latest practicable date prior to the publication of this document), the number of US\$ Equity Shares was 356,879,443. There were no changes to the number of 2013 ZDP Shares or 2015 ZDP Shares in the period from 30 June 2011 to the date of this document.
- The Articles also grant discretion to the Directors to issue any other class of shares in accordance with the terms of the Articles. The Directors have resolved to exercise this discretion and offer the 2017 ZDP Shares pursuant to the Acquisition.
- As at 11 August 2011 (the latest practicable date prior to the publication of this document), the Company has cash deposits of US\$43.1 million and has drawn down €40 million with approximately US\$93.4 million in additional availability pursuant to the terms of the Facility Agreement.
- The unfunded obligations of the Company with regard to firm commitments to investments amount to approximately US\$112.2 million as at 30 June 2011.

The Managers

- The Company is managed by BSAM Inc. and JPMAM Ltd. J.P. Morgan Asset Management is the marketing name for the investment management subsidiaries of JPMorgan (NYSE: JPM).
- BSAM Inc. is a subsidiary of The Bear Stearns Companies LLC, which is in turn a subsidiary of JPMorgan.

- BSAM Inc. is a registered investment adviser pursuant to the Investment Advisors Act of 1940 and, combined with J.P. Morgan Asset Management, managed approximately US\$22.4 billion in private equity assets for third party investors including global institutional investors and numerous private banking clients as at 31 December 2010.
- Under the Management Agreement, the Managers are entitled to receive a management fee of 1 per cent. of the Company's Total Assets per annum.
- The Managers will also be entitled to a performance fee provided certain requirements are met.
- Since inception, an affiliate of the BSAM Inc. has owned 12,571,429 US\$ Equity Shares.

Directors

- The Directors bring to the Company a diverse range of experience including investment management and the supervision of investment funds. The chairman of the Company is Trevor Ash.

Discount control

- In order to assist in the narrowing of any discount to the Net Asset Value at which the Shares may be trading from time to time, the Company may, subject to the required Shareholder approval being granted and at the sole discretion of the Directors:
 - make market purchases of its Shares (with such purchases to be made in accordance with the Listing Rules, the Companies Law, and any other applicable laws or regulations); and
 - make tender offers for up to 15 per cent. per annum of each class of Share at six monthly intervals, in each case as and when deemed appropriate by the Directors.
- The Company currently has no authority to make market purchases of, or tender offers for, the 2017 ZDP Shares. Authority for such purchases will be sought at the Company's annual general meeting expected to be held in 2012 or at an earlier extraordinary general meeting of the Company if such a meeting is convened.

Shareholders should have no expectation that the Directors will exercise any such discretion on any one or more occasions in respect of the Shares.

Further issues of Shares

- Under the Articles, the Directors have wide powers to issue further Shares in secondary offerings. The Articles contain pre-emption rights but they have been partially disapplied until the time of the Company's annual general meeting to be held in 2012. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at each subsequent annual general meeting of the Company

Eligibility

- Persons within the United States and US Persons will not be eligible to participate in the Acquisition. Accordingly, each investor will be required to certify, amongst other things, that it is not a "US Person" within the meaning of Regulation S of the US Securities Act, and are acquiring the Placing Shares outside the United States in an offshore transaction meeting the requirements of Regulation S.

Principal Risk Factors

Investment in the US\$ Equity Shares and 2017 ZDP Shares is subject to many risks, including:

- Economic recessions and downturns and adverse market conditions can impair the profitability of the Company and the value of the investments in the Company Portfolio and may prevent the Company from increasing its investment base.

- Global capital markets have been experiencing volatility, disruption and instability. Material changes affecting global debt and equity capital markets and downgrades to sovereign credit ratings and debt defaults may have a negative effect on the Company's business, financial condition and results of operations.
- The success of any of the Company's investment is subject to numerous risks and the past performance of the Company is not an indication of its future performance.
- The Company operates in a highly competitive environment for investors and investment opportunities. A number of entities compete with the Company for investors and investment opportunities, including public and private investment funds, commercial and investment banks, commercial finance companies, business development companies and operating companies acting as strategic buyers.
- The Company's Net Asset Value is based on valuations provided to the Managers by managers of investments in the Company Portfolio that may be inaccurate, out of date or in need of adjustment. There can be no assurance that the actual values of the underlying investments in the Company Portfolio will be consistent with the stated values provided by the managers of such investments.
- In addition, the financial reports provided to the Managers are typically provided only on a quarterly or, in some instances, a half-yearly basis and generally are issued one to four months after the respective valuation dates.
- The Company invests in private equity funds and also makes direct private equity investments in operating companies. Some or all of these investments may be in private equity funds with no or limited investment history or performance record or, similarly, in operating companies with no or limited operating history upon which the Managers and the Company will be able to evaluate their likely performance.
- Shareholders may be adversely affected by currency movements.
- The Company's financial condition and results of operations largely depend on the Managers' ability to manage future growth and effectively implement the Company's investment strategy.
- The Managers have no control over the activities of the managers of the private equity funds, direct investments and other similar illiquid investments in the Company Portfolio.
- The use of leverage by companies in the Company Portfolio exposes the Company to additional risks, including fluctuations in interest rates.
- There are conflicts of interest which could impact the Company Portfolio's investment returns.
- The Standard Listing of the 2017 ZDP Shares affords 2017 ZDP Shareholders a lower level of regulatory protection than a Premium Listing.

The foregoing is not a comprehensive list of the risks and uncertainties to which the Company is subject.

RISK FACTORS

Investment in the Company carries a number of risks including the risk that the entire investment may be lost. The risks set out below are all the material risks that are known to the Company but are not the only risks relating to the Shares or the Company. No assurance can be given that Shareholders will realise a profit on, or recover the value of, their investment. The Placing Shares are only suitable for existing and potential investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the Placing Shares would be of a long-term nature and constitutes part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the Company. Existing and potential investors should review this document carefully and in its entirety and consult with their professional advisors before making an application to subscribe for Placing Shares. Defined terms used in the risks factors referred to below have the meanings set out in the Definitions section on pages 133 to 139 of this document.

Risks relating to the Company and its investment strategy

Economic recessions and downturns and adverse market conditions can impair the profitability of the Company and the value of the investments in the Company Portfolio and may prevent the Company from increasing its investment base

The Company, the Company Portfolio and the underlying portfolio companies are materially affected by conditions in the global financial markets and economic conditions throughout the world, including, but not limited to, rising interest rates, inflation, business and consumer confidence, availability of credit, currency exchange rates and controls, changes in laws, trade barriers, commodity prices, terrorism and political uncertainty. These factors are outside the Company's control and may affect the level and volatility of securities prices, the amount of distributions received from investments in the Company Portfolio and the liquidity and the value of investments. The Company may be unable to or may choose not to manage its exposure to these conditions and any efforts to manage its exposure may or may not be effective. While market conditions have improved meaningfully since the peak of the global credit crisis in 2009, during that volatile period, global financial markets experienced considerable declines in the valuations of securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions, leading to a significantly diminished availability of credit and an increase in the cost of financing. The lack of credit, together with declines in valuations of equity and debt securities, had an adverse impact on the Company's operating results at that time as reflected in the Company's prevailing net asset value. The Company expects that a lack of credit and declines in valuations of equity and debt securities, should they re-emerge at a comparable magnitude, will place negative pressure on the Company's operating results moving forward. The Company is unable to predict when the economic and market conditions may become more tenuous or favourable. Even if such conditions do improve broadly and significantly over the long-term, adverse conditions in particular sectors may cause the Company's performance to suffer further or limit the Company's or the Company Portfolio's opportunities to exit or realise value from their investments or result in decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. In addition, should financial and economic conditions deteriorate, the underlying portfolio companies in the Company Portfolio may also have difficulty in expanding their business and operations and be unable to meet their debt service obligations or other liabilities as they become due. Any of the foregoing could cause the value of the investments in the Company Portfolio to decline, which could adversely affect the Company's profitability, Net Asset Value and Share price.

In addition, while difficult market conditions may increase opportunities to make certain distressed asset investments, such conditions also increase the risk of default with respect to portfolio companies with debt investments. Such defaults would adversely affect the profitability and net asset values of the investment funds in the Company Portfolio, and consequently, the profitability, Net Asset Value and Share price of the Company.

Furthermore, during periods of adverse economic conditions, the Company may have difficulty accessing financial markets, which could make it more difficult or impossible for the Company to obtain funding for additional investments and harm its profitability, Net Asset Value and Share price.

Global capital markets have been experiencing volatility, disruption and instability. Material changes affecting global debt and equity capital markets and downgrades to sovereign credit ratings and debt defaults may have a negative effect on the Company's business, financial condition and results of operations

Global capital markets have been experiencing extreme volatility and disruption for more than two years as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the financial services sector, the repricing of credit risk in the credit market, the failure of major financial institutions and downgrades to sovereign credit ratings and debt defaults. Despite actions of government authorities, these events have contributed to worsening general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital. Such financial market disruptions may have a negative effect on the valuations of the Company's investments, or the ability to restructure investments, and on the potential for liquidity events involving its investments. In the future, non-performing assets in the Private Equity Portfolio may cause the value of its investment portfolio to decrease if the Company is required to write down the values of its investments. Adverse economic conditions may also decrease the value of collateral securing some of its loans. In the event of sustained market improvement, the Company may have access to only a limited number of potential investment opportunities, which also would result in limited returns to Shareholders. Depending on market conditions, the Company may incur substantial realised losses and may suffer additional unrealised losses in future periods, which may adversely affect its business, financial condition and results of operations.

The past performance of the Company is not an indication of its future performance

This document contains certain historical financial and other information in relation to the past performance of the Company. The past performance of the Company is not an indication of its future performance. While the Company intends to make investments that will create long-term value for Shareholders, the investments made may not appreciate in value and, in fact, may decline in value. Moreover, the Company's historical financial performance, in particular its Net Asset Value, reflects unrealised gains on investments as of applicable measurement dates which may never be realised due to many factors, some of which are not in the Company's control, which may adversely affect the ultimate value realised from the Company's investments. The success of any of the investments in the Company Portfolio will depend upon, among other things:

- the quality of its management and the management of the portfolio companies in which it invests;
- its ability to select successful investment opportunities;
- general economic conditions; and
- its ability to liquidate its investments.

The Company can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

The Company's Net Asset Value is based on valuations provided to the Managers by managers of investments in the Company Portfolio that may be inaccurate, out of date or in need of adjustment

All valuations of the private equity funds and similar investments are made, in part, on valuation information provided by the managers of investments in the Company Portfolio. Although the Managers evaluate all such information and data, the Managers are not in a position to confirm the completeness, genuineness or accuracy of all such information or data. As a result, there can be no assurance that the actual values of the underlying investments in the Company Portfolio will be consistent with the stated values provided by the managers of such investments. In addition, the financial reports provided to the Managers are typically provided only on a quarterly or, in some instances, a half-yearly basis and generally are issued one to four months after the respective valuation dates. To the extent that the Company invests in permitted listed investments, such investments will be valued according to the last trade prices issued by the relevant exchange. To the extent that the Company invests in other unlisted investments, such investments will be valued at a valuation deemed prudent by the Managers (in their absolute discretion). Consequently, each estimated quarterly and half-yearly Net Asset Value provided by the Company will contain information that

is based on reports that lag by at least a quarter and, while the Company updates such valuations based on public stock valuations where available, the Company cannot guarantee that the estimated quarterly and half-yearly Net Asset Value published by the Company is not out of date. Shareholders should bear in mind that the actual Net Asset Values may be materially different from the estimated monthly values or quarterly values when placing reliance on any valuations provided by the Managers.

In addition to publishing an estimated quarterly Net Asset Value, the Company also calculates and publishes an estimated Net Asset Value monthly with the relevant Valuation Point being 5.00 p.m. (Guernsey time) on the last Business Day of each month. Each monthly Net Asset Value is published through a Regulatory News Service (RNS) announcement normally within 20 Business Days of such month end. Valuations produced by the Manager as at the relevant month end are conclusive and binding on all Shareholders. In addition to the planned reporting cycle described above, the Company and the Manager may, in their sole discretion, arrange for additional valuations to be published or extend the 20 Business Day period to cater for exceptional circumstances or significant new developments.

Valuation methodologies for the Company's investments can be subject to significant subjectivity and there can be no assurance that the values of investments reported by the Company from time to time will in fact be realised

As of 30 June 2011, 92.4 per cent. of the Company's Total Assets are in the form of investments for which market quotations are not readily available. The managers of investments in the Company Portfolio are required to make good faith determinations as to the fair value of these investments on a quarterly basis in connection with the preparation of financial statements. There is no single standard for determining fair value in good faith and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived. Factors the manager of the investments in the Company Portfolio may consider when applying fair value pricing to an investment in a particular company include the historical and projected financial data for the company, valuations of comparable companies, the size and scope of the company's operations, the strengths and weaknesses of the company, expectations relating to investors' receptivity to an offering of the company's securities, the size of its holding in the company and any control associated therewith, information with respect to transactions or offers for the company's securities (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date), applicable restrictions on transfer, industry information and assumptions, general economic and market conditions, the nature and realisable value of any collateral or credit support and other relevant factors. Fair values may be established using a market multiple approach that is based on a specific financial measure (such as EBITDA, adjusted EBITDA, cash flow, net income, revenues or net asset value) or, in some cases, on a cost basis or a discounted cash flow or liquidation analysis. These valuation methodologies involve a significant degree of management judgement.

As valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, these may fluctuate over short periods of time and may be based on estimates. In addition, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Even if market quotations are available for the Company's investments, such quotations may not reflect the value that would actually be realised because of various factors, including the possible illiquidity associated with a large ownership position, subsequent illiquidity in the market for a company's securities, future market price volatility, foreign exchange fluctuations or the potential for a future loss in market value based on poor industry conditions or the market's view of overall company and management performance. Consequently, the value at which investments in the Company Portfolio can be liquidated may differ, sometimes significantly, from the interim valuations arrived at by the manager of the investments in the Company Portfolio. The Company's profitability, Net Asset Value and Share price could be adversely affected if the values of investments that the Company records are materially higher than the values that are ultimately realised upon the disposal of the investments, and changes in values attributed to investments from quarter to quarter may result in volatility in the Net Asset Values and results of operations that the Company reports from period to period.

The use of leverage exposes the Company to additional levels of risks

Pursuant to the Articles of the Company, the Company has the ability to borrow up to 20 per cent. of its Adjusted Total of Capital and Reserves. As of 11 August 2011 (the latest practicable date prior to the publication of this document), the Company had total borrowings of €40 million, or 11.9 per cent. of its

Adjusted Total of Capital and Reserves. The Company may in the long-term borrow funds as necessary for the settlement of transactions, to facilitate the operation of the over-commitment policy to meet ongoing expenses. Prospective investors should be aware that while the use of leverage can enhance the Net Asset Value of the US\$ Equity Shares when the value of the Company's underlying assets is rising, it can also reduce the Net Asset Value of the US\$ Equity Shares when the underlying asset value is falling. This could adversely affect the Net Asset Value and returns to Shareholders. The use of leverage magnifies both the favourable and unfavourable effects on the asset value of the investments in the Company Portfolio.

Changes in the debt financing markets may negatively impact the ability of the Company, the investment funds in the Company Portfolio and their portfolio companies to obtain financing for their investments and may increase the cost of such financing if it is obtained

Since the onset of the current financial crisis in the second half of 2007, the markets for debt financing have contracted significantly, particularly in the area of acquisition financings for private equity and leveraged buyout transactions. Large commercial banks, which have traditionally provided such financing, are currently demanding higher rates, more restrictive covenants (e.g. lower interest coverage ratios and lower debt coverage ratios) and generally more onerous terms in order to provide such financing, and in some cases are not providing financing at all for acquisitions which would have been more readily financed in recent past years.

In the event that the Company, in the long-term, or the investment funds in the Company Portfolio are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at high costs, this may prevent the Company and those funds from completing otherwise profitable acquisitions or may lower the profit that the Company and those funds would otherwise have achieved from such transactions, either of which could lead to a decrease in the Company's profitability, Net Asset Value and Share price. Similarly, the portfolio companies of the investment funds in the Company Portfolio often utilise the corporate debt markets, particularly the structured finance market, to obtain efficient financing for their operations. To the extent that the current credit markets have rendered such financing difficult to obtain or more expensive, this may negatively impact the operating performance of those portfolio companies and, therefore, the investment returns on the funds in the Company Portfolio.

Shareholders may be adversely affected by currency movements

As of 30 June 2011, 51.8 per cent. of the Company's Net Asset Value was represented by US Dollar denominated investments, while 35.8 per cent. of the Company's Net Asset Value was represented by Euro denominated investments. A substantial portion of the investments in the Company Portfolio are denominated in the Euro and US Dollar. The value of such assets may be affected favourably or unfavourably by fluctuations in currency exchange rates. In the twelve months prior to 30 June 2011, the US Dollar depreciated against most major currencies. It depreciated by over 6.9 per cent. against the British pound and by over 15.6 per cent. against the Euro from 30 June 2011 to 30 June 2010. Such currency movements have contributed to an increase in the Company's NAV (in US Dollar terms) since 30 June 2010. The Managers may engage in currency hedging to limit the Company's exposure to currency fluctuations. Currency hedging by the Managers may be by means of spot and forward foreign exchange contracts or options on such contracts or by using such other derivative instruments as may be available and having the same or similar effect. To date, the Company has only employed spot and forward foreign exchange contracts. The use of forward foreign exchange contracts requires a margin (the Company to deposit monies with the forward foreign exchange counterparty), which reduces the funds available to increase the Company's investment base. The success of any hedging or other derivative transactions that the Company may enter into will generally depend on its ability to correctly predict market changes. As a result, while the Company may enter into, for a particular class of Shares, such transactions in order to reduce its exposure to currency fluctuations, unanticipated market changes may result in poorer overall investment performance than if such transactions had not been executed. The Company is also subject to the risk that counterparties in any hedging or other derivative transactions will be unable or unwilling to perform on their obligations. The Company's counterparty risk has increased as credit and liquidity have become constrained in global financial markets.

There can be no assurance that currency hedging will be effective and that the Company's financial condition will not be adversely affected by fluctuations in currency exchange rates. Furthermore, if any of the Company's counterparties were to default on their obligations under derivative contracts, it could have a material adverse effect on the Company's business, financial condition or results of operations.

Investments made by the private equity funds and other investments in the Company Portfolio may be made in currencies other than the Euro or US Dollar and proceeds from the disposal of certain investments in the Company Portfolio may be realised in currencies other than the Euro or US Dollar. Consequently, the value of the private equity funds or other investments in the Company Portfolio in non-Euro or non-US Dollar securities will be affected by currency movements and will fall as the Euro or US Dollar appreciates against the currency in which such investments are denominated.

The Company is subject to various direct and indirect credit risks

Credit risk is the risk that an issuer or counterparty to a transaction entered into by the Company or one of the investments in the Company Portfolio will be unable or unwilling to meet a commitment that it has entered into with the Company or the investment in the Company Portfolio. In respect of credit risk arising from cash and cash equivalents, the Company's direct or indirect exposure (as appropriate) to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. Similarly, in respect of credit risk arising from the Private Equity Portfolio, credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these investments. From time to time, the Company has made investments in mezzanine or bank debt securities either directly or through underlying third party managers. While the Managers believe that these investments will provide the Company with an attractive rate of return, such investments are subject to the credit worthiness of the underlying borrowers of such commitments. While there is risk in making such investments, by their nature, mezzanine and bank debt investments are senior in the capital structure to public or private equity investments, and therefore may result in a lower relative return profile.

The Company operates in a highly competitive environment for investors and investment opportunities

The execution of the Company's investment strategy is dependent primarily on the ability of the Managers to identify opportunities for the Company to invest in private equity funds on the secondary market, to make commitments to newly-formed private equity funds, and to co-invest in individual companies alongside private equity sponsors. A number of entities compete with the Company for investors and investment opportunities, including public and private investment funds, commercial and investment banks, commercial finance companies, business development companies and operating companies acting as strategic buyers. The Company believes that competition for investors is based primarily on investment performance, business reputation, the duration of relationships with investors, the quality of services provided to investors, pricing and the relative attractiveness of the types of investments that have been or are to be made. The Company believes that competition for investment opportunities is based primarily on pricing, terms and structure of a proposed investment and certainty of execution. Many of the Company's competitors are substantially larger and have considerably greater financial, technical and marketing resources than the Company does. Some competitors may have a lower cost of funds and access to funding sources that are not available to the Company. In addition, some of the Company's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Company. The competitive pressures faced by the Company may prevent the Managers from identifying and making investments on behalf of the Company that are consistent with its investment objective or that generate attractive returns for the Shareholders. The Company may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches investment prices, structures and terms offered by competitors. The Company can offer no assurance that competitive pressures will not have a material adverse effect on its profitability, Net Asset Value and Share price.

In addition, investment managers have recently raised, or may be in the process of raising, new capital for investments in private equity funds. This increases competition for attractive investments, including secondary investments, and it could make it more difficult for the private equity funds, direct investments or other similar illiquid investments selected by the Managers for the Company Portfolio to achieve their

objectives. Such investments in the Company Portfolio also face competition from business development companies and operating companies acting as strategic buyers. These sources of competition could prevent the funds and other companies that make up the Company Portfolio from completing attractive investments, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Company may invest in private equity funds, directly in private equity investments and other similar illiquid investments with no or limited performance or operating history

The Company invests in private equity funds and also makes direct private equity investments in operating companies. Some or all of these investments may be in private equity funds with no or limited investment history or performance record or, similarly, in operating companies with no or limited operating history upon which the Managers and the Company will be able to evaluate their likely performance. The Company's investments in companies with no or limited operating history are subject to all of the risks and uncertainties associated with a new business, including the risk that such companies will not achieve target returns. Consequently, the Company's profitability, Net Asset Value and Share price could be adversely affected.

Any material loss by the investments chosen by the Managers as part of its Enhanced Cash Management Strategy would have a material adverse effect on the Company's ability to meet its future capital call commitments on its Private Equity Portfolio. Such failure may result in, depending on the Company's contractual relationship with the relevant fund in the Private Equity Portfolio, amongst others, forfeiture of some or all of the Company's interests, any future distributions and dividend income being withheld, interest being charged on any outstanding capital commitments of the Company, the Company's investment being compulsorily converted to non-voting interest and/or the Company being required to sell its investment to other non-defaulting investors at a substantial discount. This could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Company may experience fluctuations in its operating results

The Company may experience fluctuations in its operating results from period to period due to a number of factors, including changes in the values of investments made by the Company, which in turn could be due to changes in values of portfolio companies, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in the Company's operating expenses and the operating expenses of the Managers, variations in and the timing of the recognition of realised and unrealised gains or losses, and the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of each existing class of Equity Shares and Issued ZDP Shares from time to time and cause the Company's results for a particular period not to be indicative of its performance in a future period.

Operational and reputational risks may disrupt the Company's businesses, result in losses or limit the Company's growth

The Company relies heavily on the Managers' and Administrator's financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, the Company could suffer financial loss, a disruption of its businesses, liability to its funds, regulatory intervention or reputational damage. In addition, the Company operates in businesses that are highly dependent on information systems and technology. A disaster or a disruption in the infrastructure that supports the Company's businesses, including a disruption involving electronic communications or other services used by the Managers or third parties with whom the Company conducts business, or directly affecting its principal offices, could have a material adverse impact on its ability to continue to operate the Company's business without interruption. The Company's disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse the Company for its losses, if at all. It is also possible that, from time to time, the Managers or the Company will be named as parties to litigation, which could cause substantial reputational damage to the Company or disrupt its investment strategy, businesses or potential growth. The Company will take all reasonable steps to ensure that, should one of the risks detailed above occur, it will be able to comply with its obligations set out in the Disclosure and Transparency Rules.

Changes in laws or regulations governing the Company's operations may adversely affect its business

Legal and regulatory changes could occur that may adversely affect the Company. The regulatory environment for investment funds is evolving, and changes in the regulation of investment funds may adversely affect the value of investments in the Company Portfolio and the ability of the Company to successfully pursue its investment strategy. In addition, the securities, commodities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The effect of any future regulatory change on the Company could be substantial and adverse.

Risks relating to the Managers

The Managers have broad discretion to manage the investments of the Company and will thus exercise substantial influence over the business of the Company

The Managers have, subject to compliance with the investment policy of the Company, substantial discretion in the management of the Company Portfolio, including the selection of the industry, geography, investment strategy, stage or vintage year of the investments, and the timing and the terms of the exit from investments. While the Board will review the Managers' compliance with the investment policy and may direct the Managers to take certain actions in connection with the Company Portfolio, the Board is not expected to review or approve all individual investment decisions.

The Company's financial condition and results of operations largely depend on the Managers' ability to manage future growth and effectively implement the Company's investment strategy

The Company's ability to achieve its investment objectives depends on its ability to grow its investment base, which depends, in turn, on the Managers' ability to identify, invest in and monitor a suitable number of private equity funds and investments and similar illiquid investments and implement the various aspects of its investment strategy. Achieving growth on a cost-effective basis is largely a function of the Managers' structuring of the investments process, its ability to provide competent, attentive and efficient services under the Management Agreement and the Company's ability to reinvest its capital and to obtain additional capital on acceptable terms. The Managers' investment professionals have substantial responsibilities under the Management Agreement. Any failure to manage the future growth of the Company or to effectively implement the Company's investment strategy could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The departure or reassignment of some or all of the Managers' investment professionals could prevent the Company from achieving its investment objectives

The Company depends on the diligence, skill, judgment and business contacts of the Managers' investment professionals and the information and deal flow they generate during the normal course of their activities. The Company's future success depends on the continued service of these individuals, who are not obligated to remain employed with the Managers, and the Company's ability to strategically recruit, retain and motivate new talented personnel. However, the Company may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for qualified investment professionals is extremely competitive.

There can be no assurance that the Directors of the Company will be able to find a replacement manager if the Managers resign

Under the terms of the Management Agreement, the Managers may terminate its appointment at any time by giving not less than 12 months' notice. The Directors would, in these circumstances, have to find replacement managers to the Company and there can be no assurance that such replacements will be found. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding-up.

The Managers may allocate a portion of their time to other businesses, which could have a negative impact on the Company's ability to achieve its investment objectives

The Managers are not required to commit their full time to Company affairs. Insofar as the Managers devote time and attention to their responsibilities to other individual business interests, their ability to devote time and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objectives, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Company may be adversely affected if it were deemed "controlled" for purposes of the BHCA

The Company does not intend to be controlled by JPMorgan for purposes of the BHCA. However, if the Company is deemed to be indirectly controlled by JPMorgan for purposes of the BHCA, it may be limited in its investment activities, including the amount of the Company's equity investment in a particular issuer, as well as the length of time that the Company may hold such an investment. During any time the Company is deemed "controlled", for purposes of calculating maximum permitted ownership under various statutes, positions held by the Company will be aggregated with positions held by JPMorgan, entities controlled by JPMorgan and certain accounts managed by affiliates of JPMorgan.

Risks relating to the Company Portfolio

The success of any of the Company's investment is subject to numerous risks

The success of the Company's investments will depend in large part upon the success of the portfolio companies of the investment funds in which the Company invests. Companies in which private equity and other similar investments are made are subject to significant risks, including the following:

- such companies may be highly leveraged and could be subject to significant debt service obligations, stringent operating and financial covenants and risks of default under financing and other contractual arrangements, which would trigger severe adverse consequences for any such company and the value of the investment in such company if a default were to occur;
- such companies may have limited financial resources and may be unable to meet their debt or other obligations, which may be accompanied by a deterioration in the value of their equity securities or any collateral or guarantees provided with respect to their debt;
- such companies may be in an early stage of development, have little or no operating history and may lack fully developed product lines or a proven market for their products, which tend to render them more vulnerable to competitors' actions and market conditions, as well as economic downturns;
- such companies may be more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on their business and prospects and the investment made;
- such companies may be operating at a loss or have substantial variation in operating results from period to period, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- such companies may be in a state of distress or be undergoing restructuring or turnarounds, including changes in management, and there can be no assurances that such efforts will be successful;
- such companies are typically not publicly held and may have substantial debt obligations, and thus their access to sources of further investment funding, whether public or private, may be significantly restricted;
- executive officers, directors and employees of an equity sponsor may be named as defendants in litigation involving a company in which a private equity investment is made; and

- generally, little public information exists about companies in which private equity investments are made and investors in those companies generally must rely on the ability of the equity sponsor to obtain adequate information for the purposes of evaluating potential returns and making a fully informed decision.

The materialisation of one or more of these risks could cause any of the Company's investments to underperform or fail, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

Investors will be subject to additional expenses because of the Company's structure as a "manager of managers"

Pursuant to the Management Agreement, the Managers are entitled to payment by the Company of the management fee, expense reimbursements and a performance fee. In addition to these direct expenses of the Company, the nature of the Company Portfolio means that the Company will be subject to varying levels of indirect costs that would not apply to investment opportunities that solely make direct private equity investments. Specifically, the managers of underlying investments may also be entitled to management fees, reimbursement of management and administrative expenses and performance allocations. Management fees applied to private equity funds, direct investments and other similar illiquid investments in the Company Portfolio typically range from 1 to 2 per cent. per annum and performance fees range from 10 to 20 per cent. of the growth in assets, generally subject to an 8 per cent. rate of return to investors before any performance fees are payable to the manager.

Whether fund managers are entitled to performance fees or performance allocations will not depend on the performance of the other fund managers in the Company Portfolio and the Company generally. Accordingly, a fund manager with positive performance may receive compensation from the Company, and thus indirectly from Shareholders, even if the Company's returns are negative. Because of these multiple layers of expenses, the net return realised by the Company from an investment will always be less than the gross return realised by the Company for such investment.

The Management Agreement may create an incentive for the Managers to make investments and take other actions that increase or maintain the aggregate Net Asset Value of the Equity Shares and Issued ZDP Shares over the near-term when other investments or actions may be more favourable

Under the Management Agreement, the Managers are entitled to receive a management fee of 1 per cent. of the Company's Total Assets per annum. This fee may create an incentive for the Managers to make investments and take other actions that increase or maintain the Company's Total Assets over the near-term when other investments or actions may be more favourable to the Shareholders.

Performance fees may create incentives for speculative investments

The performance or incentive fees payable to a manager of a private equity fund, a direct investment or a similar illiquid investment in the Company Portfolio may result in substantially higher payments to the manager than alternative arrangements in other types of investment vehicles. Given that a manager's remuneration is predicated on earning performance fees, these fees may create an incentive for the manager to make riskier or more speculative investments than it would otherwise make in the absence of such fee. Similarly, the performance fees payable by the Company to the Managers under the terms of the Management Agreement in respect of the Company Portfolio may result in substantially higher payments to the Managers than alternative arrangements in other types of investments. Since the fees in relation to the Company Portfolio and the underlying investments in the Company Portfolio are calculated on a basis that includes unrealised appreciation of assets, it may be greater than if such fees were based solely on realised gains. For example, if the valuation of an investment in the Company Portfolio is increased, the portion of the performance fee pertaining to such investment will be correspondingly increased, even if the increase is never realised on the liquidation of such investment. There can be no assurance that such unrealised gains will ever be realised.

Investments in the Company Portfolio will rank junior to investments made by others

The investment funds in the Company Portfolio and the underlying investments have indebtedness or equity securities, or may be permitted to incur indebtedness or to issue equity securities, that rank senior to the investments made by the Company or by the funds in the Company Portfolio. By their terms, such

instruments typically entitle their holders to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of the investments held by the Company or by the funds in the Company Portfolio. Also, in the event of insolvency, liquidation, dissolution, reorganisation or bankruptcy of a company in which an investment is made, holders of senior-ranking securities in the company would typically be entitled to receive payment in full before distributions could be made in respect of the Company's investment. After repaying senior security holders, the Company may not have sufficient remaining assets to repay amounts owed in respect of investments made by the Company or by the funds in the Company Portfolio. To the extent that any assets remain, holders of claims that rank equally with investments held by the Company or by the funds in the Company Portfolio would be entitled to share on an equal and rateable basis in distributions that are made out of those assets.

Certain investments in the Company Portfolio may be in "special situation" companies

As of 30 June 2011, approximately 22.8 per cent. of the Private Equity Portfolio is represented by "special situation" companies. These investments may be involved in (or the target of) acquisition attempts or tender offers or involved in work-outs, liquidations, spin-offs, reorganisations, bankruptcies or similar transactions. In any investment opportunity involving any such type of business enterprise, it may be difficult to obtain full information as to the financial and operating condition of the enterprise and there exists the risk that the transaction in which such business enterprise is involved will be unsuccessful, take considerable time or result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Additionally, the fair value of such investments may move abruptly or erratically, it may require several years for the intrinsic value perceived by the Company in such investments to be reflected and, if an anticipated transaction does not in fact occur, the investment may be required to be sold at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies, investments in such companies involve a significant risk of loss.

The due diligence process that the Company and the private equity funds in the Company Portfolio plan to take in connection with their investments may not reveal all facts that may be relevant in connection with an investment

Before making investments, the Company intends to conduct due diligence it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The Company expects the investment funds in the Company Portfolio to do the same prior to making their investments. When conducting due diligence, the Company and the investment funds in the Company Portfolio will be expected to evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisors, accountants and investment banks are expected to be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company and the investment funds in the Company Portfolio will be required to rely on resources available to them, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence process may at times be subjective, especially with respect to newly organised companies for which only limited information is available. Accordingly, there can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Company or by the investment funds in the Company Portfolio to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Company is dependent on key personnel of the private equity funds, managers of direct investments and other similar illiquid investments in the Company Portfolio for its future success

In general, the ability of a manager to manage a private equity fund's direct investments or other similar illiquid investment's affairs depends on its personnel. Extensive reliance is to be placed on the experience, relationships and expertise of such personnel. There can be no assurance that the same personnel will remain employed with the underlying fund manager or otherwise continue to be able to carry on their current duties throughout the term that such fund remains in the Company Portfolio. The departure of the personnel of any manager of an investment fund or direct investment in the Company Portfolio, or the

inability of such personnel to carry on their duties, could adversely affect the performance of such investment fund or direct investment, which in turn could adversely affect the Company's profitability, Net Asset Value and Share price.

The Company is dependent upon information from managers of private equity funds, direct investments and other similar illiquid investments

When selecting investments for the Company Portfolio, the Managers will request information from each fund manager regarding that manager's historical performance and investment strategy. The Managers will also request detailed portfolio information on a continuing basis from each manager in the Company Portfolio. However, the Managers may not always be provided with such information because certain of this information may be considered proprietary information by the particular manager. This lack of information may make it more difficult for the Managers to select, allocate among, and evaluate underlying managers which could prevent the Company from achieving its investment objectives.

In addition, the Company is dependent upon the managers of private equity funds, direct investments and other similar illiquid investments to supply the information necessary for the Company to calculate its Net Asset Value. Any delay or inaccuracies with respect to the valuation provided by the investment's manager may result in volatility in the Company's Net Asset Value and results of operations the Company reports from period to period.

The Managers have no control over the activities of the managers of the private equity funds, direct investments and other similar illiquid investments in the Company Portfolio

As of 30 June 2011, 92.4 per cent. of the Company's Total Assets are in the form of illiquid investments. The Managers have no control over the day-to-day operations of any of the underlying managers, private equity funds, direct investments and other similar illiquid investments in the Company Portfolio. As a result, the Managers cannot provide any assurance that every underlying manager of a private equity fund, a direct investment or a similar illiquid investment in which the Company Portfolio may invest will conduct its business, operations and investment strategy in a manner consistent with its offering documents and applicable law. This risk will not affect the Company's ability to comply with its obligations as set out in the Disclosure and Transparency Rules.

The investments in the Company Portfolio will not be regulated in the UK

The private equity funds, direct private equity investments and other similar illiquid investments in which the Company invests are collective investment schemes which are not regulated in the UK by the Financial Services Authority. Thus the Company will not be able to avail itself of the protections afforded by the regulatory system under FSMA and the supervisory oversight of the Financial Services Authority in respect of regulated collective investment schemes.

Investments in emerging market securities may involve significant risks not typically associated with investing in more established economies or securities markets

Investing in emerging market securities involves risks and special considerations not typically associated with investing in more established economies or securities markets. The economies of individual emerging market countries may differ with respect to growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Existing and potential investors should note that each country has different standards of regulation with respect to matters such as government approval requirements, insider trading rules, restrictions on market manipulation, shareholder proxy requirements and timely disclosure of information. Risks may include:

- the risk of nationalisation or expropriation of assets or confiscatory taxation;
- social, economic and political uncertainty, including war;
- dependence on exports and the corresponding importance of international trade and commodities prices;
- less liquidity of securities markets;
- currency exchange rate fluctuations, controls on investment and limitations on repatriation of invested capital and the ability to exchange local currencies for hard currency;

- potentially higher rates of inflation (including hyper-inflation);
- a higher degree of governmental involvement in and control over the economies, including in relation to support for economic reform programmes and imposition of central planning;
- less extensive regulatory oversight of securities markets and differences in auditing and financial reporting standards, which may result in the unavailability of material financial or business information;
- less stringent corporate governance, resulting in less fiduciary duties for officers and directors and less protection of investors;
- longer settlement periods for securities transactions and certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories; and
- little, if any, legal protection for investors, including the Company and the investments in the Company Portfolio, in the event of bankruptcy or insolvency of an investment.

The materialisation of one or more of these risks could cause any of Company's investments in emerging market securities to fail, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price. This risk will not affect the Company's ability to comply with its obligations as set out in the Disclosure and Transparency Rules.

Investments in publicly traded securities may suffer reductions in valuations owing to factors outside of the Company's control

The Company may have a limited number of opportunistic and temporary investments in publicly traded securities at any one time. The market prices and values of publicly traded securities may be volatile and are likely to fluctuate due to a number of factors beyond the control of the Company, such as economic recessions, business downturns and adverse market conditions, including the recent turmoil in global financial markets, actual or anticipated fluctuations in the quarterly, half-yearly or annual results of the companies issuing such securities or of other companies in the industries in which they operate, market perceptions, general economic, social or political developments, changes in government regulation, the general state of the securities markets and other material events, such as significant management changes, re-financings, acquisitions and dispositions. Under IFRS, the Company is required to value investments in traded securities at their fair value at the end of each accounting period, which could lead to significant changes in the Net Asset Values and results of operations that the Company reports from quarter to quarter.

A material fall in the value of the assets in the Company Portfolio may lead to the winding-up of the Company

If there is a material fall in the value of the assets in the Company Portfolio, the Company may find that its asset base is so small that it is impracticable for the Company to continue in existence. For instance, this may occur if the Company's operating costs significantly exceed its income and no prospect of recovery in asset values can be expected within a reasonable period. In this event, the Directors may resolve that the Company should be wound up voluntarily and will then convene an extraordinary general meeting for that purpose. In that event, the liquidators will commence an orderly realisation of the investments of the Company and will distribute the proceeds of such realisations, after payment of the Company's debts, to Shareholders as they become available. It is envisaged that this orderly realisation process may take up to three years following its commencement.

Risks relating to the Private Equity Investments

Investments in the Company Portfolio are likely to be illiquid

As of 30 June 2011, 92.4 per cent. of the Company's Total Assets were in private equity funds, other investment vehicles or private companies that will require a long-term commitment of capital. Primary private equity investments typically take from four to eight years from the date of initial investment to reach a state of maturity at which liquidation can be considered. Distributions of the proceeds from the

liquidation of private equity investments in the Company Portfolio, if any, are unlikely to be made until the later years of the Company. In addition, a substantial portion of the Company's investments will be subject to legal or other restrictions on transfer or will be investments for which no liquid market exists.

Given that a number of investments in the Private Equity Portfolio are illiquid, it may be difficult for the Company to sell them if the Company or an investment fund in the Company Portfolio determines that such a sale would be in its best interest. The ability of many of the funds in the Company Portfolio, particularly private equity funds, to dispose of investments is heavily dependent on the public equity markets, inasmuch as the ability to realise any value from an investment may depend upon the ability to complete an initial public offering of the portfolio company in which such investment is held. Furthermore, large holdings, even of publicly traded equity securities, can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movements in market prices during the disposition period.

The Company's investments may be concentrated in a limited number of companies and industries

Although the Managers will, at all times, invest the assets of the Company in accordance with the investment policy and will further seek to diversify the Company Portfolio by investing in a number of different private equity funds and direct investments with different strategies or styles, it is possible that the private equity investments selected for the Company Portfolio may take similar or opposing positions in the same security, group of securities or industries at the same time because each private equity sponsor takes investment decisions independently. For example, as of 30 June 2011, of the Company's 108 separate fund investments, the top 20 fund investments by the Company represented 41.8 per cent. of the Value Company's Private Equity Portfolio. This possible lack of diversification may subject the investments in the Company Portfolio to more rapid change in value than would be the case if the Company Portfolio were more widely diversified.

The use of leverage by companies in the Company Portfolio exposes the Company to additional risks, including fluctuations in interest rates

Many of the companies in the Company Portfolio, including the companies invested in by the private equity funds in the Company Portfolio, are likely to have highly leveraged capital structures, including leverage resulting from the structuring of the investment by the Company or by a private equity fund in the Company Portfolio. For example, indebtedness may constitute a significant portion of a portfolio company's total debt and equity capitalisation, including debt that may be incurred in connection with the investment. In addition, portfolio companies that are not or do not become highly leveraged at the time an investment is made may increase their leverage after the time of investment, including in connection with an expansion into additional or different markets. The highly leveraged capital structures of such companies will increase the exposure of these companies to adverse economic factors such as rising interest rates, reduced cash flows, fluctuations in exchange rates, inflation, downturns in the economy or deterioration in the condition of the company or its industry. In addition, the incurrence of a significant amount of indebtedness by a company may, because of an obligation to make mandatory prepayments or otherwise, among other things:

- limit the company's ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;
- limit the company's ability to engage in strategic acquisitions that could generate attractive returns or lead to growth;
- limit the company's ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes; and
- cause a greater percentage of the company's assets to be subject to superior claims by lenders in the event of bankruptcy or liquidation.

In addition, to the extent that a portion of the Company's capital is invested in portfolio companies whose capital structures have a significant degree of indebtedness, it may be subject to additional risks associated with changes in prevailing interest rates.

Investments in highly leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates, adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company is generally greater than for companies with less leveraged capital structures.

Fund investments may be terminated early

The operating documents of the private equity funds in the Company Portfolio generally have provisions that would enable a majority in interest (or higher percentage) of its investors to terminate such funds in certain circumstances prior to the end of their respective stated terms. Early termination of a private equity fund in the Company Portfolio may result in the Company being distributed a portfolio of immature and illiquid securities, or in the Company's inability to invest all of its committed capital as anticipated, either of which could have a material adverse effect on the performance of the Company.

The Managers will follow an over-commitment strategy when making investments in private equity funds, which may result in the Company's contingent commitments exceeding its available capital

The private equity funds in which the Company will invest will typically be structured as limited partnerships in which limited partners commit to fund a defined level of capital over a period of time. As and when commitments are honoured over a period of time, the return flow of cash from distributions by the funds typically results in net cash invested at any one time being less than total commitments. In order for the Company to maximise the percentage of total assets invested in private equity investments in the Company Portfolio at any given period of time, the Managers follow an over-commitment strategy which may result in the Company's fund commitments exceeding the expected cash available for investment. Pursuant to the investment policy, the Company's total exposure to private equity is limited to 130 per cent. of the current Total Assets of the Company (as determined by the Directors and the Managers at the time of acquisition or commitment). Also, in planning the Company's commitments, the Managers will take into account expected cash flows to and from the private equity funds in the Company Portfolio. However, the Company may need to dispose of investments at unfavourable prices or at times when the holding of the investments would be more advantageous in order to fund capital calls that are made by private equity funds to which the Company committed. In addition, under such circumstances, legal, practical, contractual or other restrictions may limit the flexibility that the Managers have in selecting investments for disposal.

While such commitments may always pose some level of risk (particularly during times of meaningful global market uncertainty), based on the Company's current level of unfunded commitments and other factors, the Directors believe that the Company is unlikely to be forced to dispose of assets at unfavourable prices in order to meet its unfunded obligations over the course of the next 12 months.

Risks relating to purchasing secondary private equity interests

The purchase price of secondary investments will be based on available information

The overall performance of the Company will depend in large part on the acquisition price paid by the Company for any secondary investments. Although the acquisition price of secondary investments, if any, will likely be the subject of negotiation with the sellers of such secondary investments, such purchases may be made without reference to comparable public market purchases or with only imperfect or incomplete information. There can be no assurance that the Company will realise a profit on any of its secondary investments or even recover the amount it pays to acquire such investments.

Due diligence costs for a secondary investment may exceed those for a primary investment

The costs and resources associated with performing due diligence on the commercial, tax and legal issues salient to secondary investments are typically greater than those attendant to a blind pool of primary investments, as the Company intends, where possible, to conduct due diligence on existing underlying investment portfolios (although this may not be possible in certain cases). As was the case with the BSPEL Australia Limited investment, additional travel and legal expenses were incurred by the Company in diligencing the underlying investments. The additional expenses associated with performing due diligence in connection with secondary investments could adversely affect the profitability of the Company.

Acquisitions of private equity fund interests purchased in secondary transactions may give rise to contingent liabilities

Where the Company acquires an interest in a private equity fund in a secondary transaction, the Company may become subject to contingent liabilities of the seller of the interest. For example, if the seller has received distributions from a private equity fund and, subsequently, that fund recalls one or more of these distributions, the Company (as the subscriber of the interest to which such distributions are attributable) may be obligated to return monies equivalent to such distributions to the private equity fund. While the Company may, in turn, make a claim against the seller for any such monies so paid to the private equity fund, there can be no assurance that the seller will be willing or able to satisfy that claim. As a further example, if a buyer purchases an interest in a private equity fund bearing unrealised gains, that buyer would be responsible for paying capital gains tax on such gains when they are distributed by the general partner of the private equity fund. While the Managers take such contingent liabilities into account when monitoring the spread of investment risk within the Company Portfolio and the Company's compliance with its investment restrictions, there can be no assurance that the Company will not suffer losses in connection with contingent liabilities arising from private equity interests acquired in the secondary market.

The Company may acquire less attractive investments when acquiring investments as a group

The Company may agree to purchase certain secondary investments as an entire portfolio acquisition and, in such cases, it may not be possible for the Company to carve out from such purchases those investments which the Managers consider less attractive for commercial, tax, legal or other reasons. The acquisition of less attractive investments as part of a group of investments may be a consequence of gaining investment in certain highly attractive investments.

The Company will face additional risks when purchasing as part of a syndicate

The Company may acquire a secondary investment as a member of a purchasing syndicate. In such cases, the Company may not acquire a controlling interest and, accordingly, the Company will not be able to ensure that such company conducts its business, operations and investment strategy in a manner that serves the Company's interest. In addition, the Company may be exposed to additional risks, including among other things: reputational risk, breach of confidentiality or other terms of the purchase agreement by a syndicate member; and execution risk, if, for instance, a syndicate member fails to fulfil the terms of the purchase agreement.

Risks relating to direct investments

Investing directly in private equity investments may expose the Company Portfolio to additional risk

The Company's ability to invest directly in private equity investments may reduce the level of diversification of the Company Portfolio. In addition, unlike an investment in a private equity fund, the Company may not benefit from the management services of a third party private equity fund manager with respect to such interests. As a result the Company cannot provide assurance that its direct investments in private equity will not materially adversely affect the Company's profitability, Net Asset Value and Share price.

Risks relating to potential conflicts of interest

There are conflicts of interest which could impact the Company Portfolio's investment returns

As diversified securities firms, the Managers' parent company and certain of their affiliates engage in a broad spectrum of activities, including financial advisory services, merchant banking, sponsoring and managing private partnership investments, engaging in broker-dealer activities and other financial and investment activities. In the ordinary course of their investment banking businesses, the Managers' parent company and certain of their affiliates engage in activities in which their interests or the interests of their clients may conflict with the interests of the Company. The sections below enumerate certain potential conflicts of interest.

The Managers and their affiliates may also receive fees or other additional compensation from the private equity funds in which the Managers elect to invest, or the funds that manage the Company's direct investments or other similar investments in which the Managers may elect to invest in connection with

the execution of brokerage, lending or investment banking transactions through the affiliates of the Managers. Moreover, through these relationships the Managers, or any of its affiliates, may obtain information about a particular private equity fund investment in the Company Portfolio. Neither the Managers nor any of their affiliates have an obligation to disclose to the Company or to Shareholders any information obtained through these relationships. The affiliates of the Managers may take actions in the course of these relationships that could adversely affect the Company and its Shareholders.

The Managers and their affiliates may have conflicts of interest arising from their existing and potential client relationships

The Managers and their affiliates have existing and potential client relationships with a significant number of private equity sponsors, corporations and other institutions. As a result, the Managers and their affiliates may have conflicts of interest in allocating their time and activity between the Company and other clients, in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients, including ones in which the Managers and their affiliates may have a greater financial interest. The Managers and their affiliates may give advice or take action with respect to such other clients that differs from the advice given with respect to the Company. In providing services to their clients and the Company, the Managers may face conflicts of interest with respect to activities recommended to or performed for such clients, on the one hand, and the Company on the other hand. In addition, those client relationships may present conflicts of interest in determining whether to offer certain investment opportunities to the Company. Although the Managers will seek to allocate investment opportunities among the Company and other clients or investment entities in a fair and equitable manner, there can be no assurance that an investment opportunity which comes to the attention of the Managers that is appropriate for the Company Portfolio will be referred to the Company. Affiliates of the Managers are not obligated to refer any investment opportunity to the Company. To the extent that the Managers and their affiliates engage in activities for themselves and others, those activities may be detrimental to the Company's business and adverse to the interests of the Shareholders and may, in some cases, lead to the allocation of investment opportunities to others.

Compensation for services performed by the Managers' affiliates for private equity sponsors, portfolio investments and other entities may create conflicts of interest

The Managers' affiliates may seek to perform investment banking and other services for, and will expect to receive customary investment banking compensation from, private equity sponsors, portfolio investments and entities in which they invest. Such compensation could include financial advisory fees or fees in connection with restructurings and mergers and acquisitions, as well as underwriting or placement fees, financing or commitment fees, and brokerage fees. The Managers' affiliates have performed such services in the past, and have received substantial compensation from private equity sponsors and the companies in which they have invested. Investment banking and other compensation received by the Managers' affiliates will not be shared with the Company. In addition, the Managers' affiliates may provide services to third parties and receive fees in connection with transactions in which those third parties have interests which conflict with those of a portfolio investment. Without limiting the generality of the foregoing and by the way of example regarding private equity investment, the Managers' affiliates may represent a company which a private equity fund is seeking to acquire or the Managers, or their affiliates may represent, or may be providing acquisition financing to, a client competing with a private equity fund or a portfolio company for the acquisition of a company. Such conflicts of interest may result in the Managers or their affiliates taking actions that are not in the best interests of the Company and its Shareholders.

The Managers and their affiliates may compete with the Company for appropriate investment opportunities

The Managers are the sponsors and investment managers of other private investment companies and may sponsor, without restriction, similar private investment companies in the future. Certain investment opportunities generated by the Managers or which otherwise become available, may be appropriate either for the Company or for such other company, or may be appropriate for co-investment by the Company and such company at equivalent and/or different or overlapping levels. The Managers are under no obligation to share any investment opportunity, idea or strategy with the Company. Certain opportunities may be offered to other affiliates of the Managers before they are offered to the Company, and certain

opportunities may not be offered to the Company at all. As a result, the Managers and their affiliates (including merchant banking groups and asset management groups, as well as investment funds organised by the Managers) may compete with the Company for appropriate investment opportunities.

There can be no assurance that the Company will not receive less of any equity or inferior terms in portfolio investments than it would otherwise receive if the Managers or their affiliates did not have a conflict of interest. There is also a possibility that the Company will invest in opportunities that have been declined by the other companies sponsored by the Managers and that other companies may invest in opportunities declined by the Company. The Company may sell its investments to a company that has been or may be established by the Managers and may purchase any investment made by any company established by the Managers. In situations described herein, conflicts will be resolved in the sole discretion of the Managers and there can be no assurance that such conflicts will be resolved in a manner that is favourable to the Company.

In addition, issuers of securities held by the Company or its portfolio investments may have publicly or privately traded securities in which the Managers' affiliates are investors or make a market. Such trading activities will be carried out generally without reference to positions held by the Company Portfolio or its portfolio investments, and may have an effect on the value of the positions so held, or may result in the Managers' affiliates having an interest in the issuer adverse to that of the Company Portfolio or its portfolio investments. The Managers' affiliates are not prohibited from purchasing or selling the securities of or otherwise investing in or financing issuers in which the Company or a partnership investment has an interest.

Investments in the Company Portfolio may compete with funds managed by the Managers. The investments in the Company Portfolio may compete with funds managed by the Managers in identifying and making investments, which may result in an investment in the Company Portfolio being unable to make a desired investment or having to pay a higher price for such investment than it would have in the absence of such competition.

Trading and arbitrage activities by affiliates of the Managers may limit the services that the Managers and their affiliates are willing to perform for the Company

Certain of the Managers' affiliates invest, for their own account, in the securities of publicly traded corporations which may be held by the private equity funds in the Company Portfolio. From time to time, such affiliates may choose not to act as a financial advisor in particular situations, although requested to do so, in order not to circumscribe arbitrage flexibility. Such affiliates may similarly elect not to undertake certain activities on behalf of the Company in order not to limit arbitrage possibilities.

Lending and loan syndication activities by the Managers' affiliates may result in the interests of the Company being subordinated to those of the Managers' affiliates or their clients

Certain of the Managers' affiliates are engaged in the business of making, underwriting, trading and syndicating senior and other loans to corporate and other borrowers, which may include borrowers in which private equity funds and potentially the Company have invested as common stockholders or other junior security holders. The holders of senior securities, which may include the Managers' affiliates, may and, in the event of the issuer's financial distress or insolvency, will have interests substantially divergent from those of the Company. There can be no assurance that the interests of the Company will not be subordinated to those of the Managers' affiliates or other clients to the detriment of the Company.

Investment by investment vehicles managed by the Managers

The Managers may invest directly or indirectly in partnership investments and in companies owned by partnership investments through several vehicles, including investment vehicles organised by the Managers for the benefit of, and funded by, its partners, employees and consultants. It is possible that such investment funds may not invest in transactions in which the Company will invest and depending on the outcome of any such transactions, the Company's value may differ from such other investment vehicles.

The Managers' or its affiliates' representation of, or affiliation with, private equity investors and other private equity financing activities may preclude the Company from taking advantage of investment opportunities

In the past, the Managers have represented, or been affiliated with, private equity investors, including funds managed by the Managers' affiliates, in making or otherwise participating in the financing of private equity investments. It is possible that in the future the Managers' investor and financing assignments with respect to private equity investments may include representation of investors who would not permit either the Managers, or its affiliates, including the Company, to invest in the acquired company. In such a case, neither the Managers nor its affiliates, including the Company, would be allowed to participate as an investor.

The Company's investment flexibility may be significantly restrained due to the Managers' and its affiliates' access to confidential information

The Managers and their affiliates may come into possession of material, non-public information concerning one or more of the companies in which an investment has been or may be made. The Managers and their affiliates have implemented compliance procedures that seek to ensure that material, non-public information is not used for making investment decisions on the Company's behalf, although there can be no assurance that such procedures will be effective. Under these procedures, if the Managers possess confidential information concerning a company, there may be restrictions on its ability to make, dispose of, increase the amount of, or otherwise take action with respect to, an investment in the company. Such restrictions could limit the Company's ability to make potentially profitable investments or to liquidate an investment when it would be in its best interests to do so. Due to the foregoing, the Company's relationship with the Managers and their affiliates could create a conflict of interest to the extent that Managers become aware of confidential information concerning a company in the course of its other business activities.

One member of the Board is affiliated with BSAM Inc., which may create conflicts of interest

The Board which is, as required by the Listing Rules of the FSA, independent of the Managers will oversee the activities of the Company, but is not involved in the day-to-day management of the Company, which remains the responsibility of the Managers, acting through the Managers' employees. While a majority of the Directors are unaffiliated with the Managers, Mr. Gregory Getschow, an employee of BSAM Inc., is a Director of the Company. In the event that Mr. Getschow is no longer a Director, the Board may consult with BSAM Inc. as to the choice of proposed Directors. The Managers were involved in the selection and appointment of the Directors. To the extent permissible under any applicable laws and regulations and having regard to the requirement under the Listing Rules of the FSA for the Company to have an independent Board, it is the intention of the Managers that an employee, officer or executive of the Managers will be a Director of the Company. This, including the appointment of Mr. Getschow, may result in potential conflicts of interest. By virtue of his affiliation with the Managers, the Director who is an employee of the Managers has direct or indirect interests in the activities of the Managers, and in investments and investment vehicles organised by the Managers, in some cases similar to those in which the Company invests. In addition, such Director who is an employee of the Managers may spend a substantial portion of their time on matters other than or only tangentially related to the Company. As a result, the performance by this individual of their obligations to such other entities could conflict with their responsibilities to the Company.

The diversity of the Shareholders of the Company may create conflicts of interest

The Shareholders of the Company are expected to include taxable and tax-exempt entities and persons or entities organised and residing in various jurisdictions, who may have conflicting investment, tax and other interests with respect to their investments in the Company. The conflicting interests of individual holders of the Equity Shares and holders of the Issued ZDP Shares may relate to or arise from, among other things, the nature of investments made by the Company, the structuring of the acquisition of investments and the timing of disposition of investments. Such structuring of investments may result in different returns being realised by different Shareholders. As a consequence, conflicts of interest may arise in connection with decisions made by the Managers, including the selection of investments for the Company Portfolio, which may be more beneficial for one Shareholder than for another Shareholder, especially with respect to a Shareholder's individual tax situations. In selecting and structuring

investments appropriate for the Company, the Managers will consider the investment and tax objectives of the Company as a whole, not the investment, tax or other objectives of any Shareholder of the Company individually.

The Company will be treated as an affiliated entity for purposes of Sections 23A and 23B of the US Federal Reserve Act, which may restrict the Company's dealings with JPMorgan and/or its subsidiaries

The Company and any other companies controlled by shareholders who control the Company are affiliates, within the meaning of the US Federal Reserve Act, of JPMorgan and its subsidiaries. JPMorgan's authority to engage in "covered transactions" with its "affiliates" (including the Company) is limited by Section 23A, which places limits on, amongst others, the amount of:

- JPMorgan's loans or extensions of credit to affiliates;
- JPMorgan's bank's investment in affiliates;
- assets JPMorgan may purchase from affiliates;
- the amount of loans or extensions of credit to third parties collateralised by the securities or obligations of affiliates; and
- JPMorgan's guarantee, acceptance or letter of credit issued on behalf of an affiliate.

The total amount of the above transactions is limited in amount, as to any one affiliate, to 10 per cent. of JPMorgan's capital and surplus and, as to all affiliates combined, to 20 per cent. of JPMorgan's capital and surplus. In addition to the limitation on the amount of these transactions, certain of the transactions above (those including an extension of credit) also meet specified collateral requirements. These requirements may restrict the ability of the Company to transact in the above manner with JPMorgan and its subsidiaries. Where such a restriction applies, the Company may as a result be required to transact with other third parties and the terms offered by those third parties may not be as beneficial to the Company as the terms that would be offered by JPMorgan or any of its subsidiaries.

The Company and JPMorgan are also be subject to the provisions of Section 23B of the Federal Reserve Act which, among other things, prohibits JPMorgan from engaging in any transaction with an affiliate unless the transaction is on terms substantially the same, or at least as favourable to JPMorgan or its subsidiaries, as those prevailing at the time for comparable transactions with unaffiliated companies. These requirements may restrict the Company's dealings with JPMorgan and its subsidiaries with the potential consequences as described above.

The Dodd-Frank Act, effective as of July 2012, generally enhances the restrictions on transactions with affiliates under Section 23A and 23B of the Federal Reserve Act, including an expansion of the definition of "covered transactions" to include credit exposures related to derivatives, repurchase agreements and securities lending arrangements, and an increase in the amount of time for which collateral requirements regarding covered credit transactions must be satisfied. The definition of "affiliate" was expanded to include any investment fund to which we or an affiliate serves as an investment adviser. The ability of the Federal Reserve to grant exemptions from these restrictions is also narrowed by the Dodd-Frank Act, including by requiring coordination with other bank regulators. These new provisions may increase the cost and burden of transactions between the Company and JPMorgan.

The ability of the Company to enter into transactions with JPMorgan or its affiliates may also require approval of Shareholders pursuant to the applicable tests set out in the Listing Rules.

Risks relating to the Shares

The price of the Company's Shares may fluctuate significantly and investors could lose all or part of their investment

The market price of the Shares may fluctuate significantly and Shareholders may not be able to resell their Shares at or above the price at which they purchased them. Factors that may cause the price of the Shares to vary include:

- changes in the Company's financial performance and prospects or in the financial performance and prospects of companies engaged in businesses that are similar to the Company's business;
- changes in the underlying values and trading volumes of the investments that the Company makes, including investments that are made in or through private equity funds, particularly when the Company announces its quarterly results and updates the aggregate unrealised values of its investments;
- the termination of the Management Agreement or the departure of some or all of the Managers' investment professionals;
- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to the Company's business or to the private equity funds or companies in which the Company makes investments;
- sales of Shares by Shareholders;
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events;
- poor performance of the Managers' affiliated products and the potential negative publicity associated therewith; and
- speculation in the press or investment community regarding the Company's business or investments or factors or events that may directly or indirectly affect the Company's business or investments.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Any broad market fluctuations may adversely affect the trading price of the Shares. Furthermore, investors should be aware that a liquid secondary market in the Shares cannot be assured.

The Company may issue additional securities that dilute existing holders of Shares or that have rights and privileges that are more favourable than the rights and privileges of holders of the Shares and intends to seek renewal of the disapplication of pre-emption rights on an ongoing basis

Subject to the Companies Law and authority to allot shares being granted by Shareholders from time to time, under the Articles, the Company may issue additional securities, including Issued ZDP Shares and Equity Shares in such other currency classes as the Directors may determine and C Shares for any purpose. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the Shares to decline. Subject to all legal requirements, future issuances may consist of Shares or of securities having greater rights and preferences.

The Company has partially disappplied pre-emption rights until the end of the Company's annual general meeting in 2012. The Directors intend to seek renewal of the authority to allot Shares on a non-pre-emptive basis at each subsequent annual general meeting. Therefore, it may not be possible for existing Shareholders to participate in future issues of Shares, which may dilute the existing Shareholders' interests in the Company.

Investors will be subject to significant tender restrictions

An investment in the Company has limited tender opportunities. The Directors are not required to make a tender offer in each half year period. If the Directors do exercise their discretion to make a tender offer, the Directors may grant or deny individual tender requests in their sole discretion. Even if the Directors determine to accept tender offers, this discretion will be limited to 15 per cent. or less of each class of Shares in any one year, subject to the necessary shareholder consent being granted at a general meeting of the Company and the requirements of the Companies Law being met.

If the Company loses its status as a “foreign private issuer”, it may be subject to additional reporting and filing requirements and incur significant costs and expenses and may be in violation of the US Investment Company Act

If the Company loses its status as a “foreign private issuer”, it may be subject to additional reporting and filing requirements and incur significant costs and expenses and may be in violation of the US Investment Company Act.

The Company believes it is currently a “foreign private issuer” within the meaning of Rule 3b-4 under the US Exchange Act. The Company will be considered a “domestic issuer” if more than 50 per cent. of its voting securities are held by US residents and any one of the following three criteria is satisfied:

- (i) the majority of the executive officers and Directors of the Company are US citizens or residents;
- (ii) more than 50 per cent. of the assets of the Company (including the Company Portfolio and uninvested cash) are invested in investments located in the United States; or
- (iii) the business of the Company is administered principally in the United States.

If the Company loses its status as a “foreign private issuer,” the Company is likely to be subject to extensive reporting requirements and periodic filing requirements under US securities laws that the Company is currently not subject to, which will significantly increase the Company’s regulatory and compliance costs under such US securities laws. Given the fact that the Company is incorporated outside the United States, it is unclear that it would be able to comply with the rules and regulations under the US securities laws that could apply to it if it were to lose its status as a foreign private issuer. In addition, if the Company were to lose its status as a foreign private issuer, it may not be able to rely on the exemption from registration under the US Investment Company Act and in such a case would be in violation of the registration requirements of such Act. Any of the above could have a material adverse effect on the Company’s business, prospects, financial condition, results of operations and the Share price.

The Company is not, and does not intend to become, registered in the US as an investment company under the US Investment Company Act and related rules

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the US Investment Company Act. The US Investment Company Act provides certain protections to US investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the US Investment Company Act and to avoid violating that Act, the Company has implemented restrictions on the ownership and transfer of the Shares, including the US\$ Equity Shares and the 2017 ZDP Shares, which may materially affect certain Shareholders’ ability to transfer the Shares.

The Company may become subject to regulation under ERISA

If 25 per cent. or more of any class of equity in the Company is owned, directly or indirectly, by US Plan Investors that are subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or Section 4975 of the US Internal Revenue Code of 1986, as amended (the “US Tax Code”), the assets of the Company will be deemed to be “plan assets”, subject to the constraints of ERISA and Section 4975 of the US Tax Code. If this happens, transactions involving the assets of the Company could be subject to the fiduciary responsibilities of ERISA, the prohibited transaction provisions of ERISA and Section 4975 of the US Tax Code and, among other things, the fiduciary of a plan subject to ERISA that is responsible for the plan’s investment in the Shares could be liable for any ERISA violations by the Directors or Managers.

Risks relating to Issued ZDP Shares

Holders of Issued ZDP Shares may not receive their final capital entitlement

The Issued ZDP Shares, whilst ranking prior to the Equity Shares in respect of the repayment of up to 73.0 pence per 2013 ZDP Share, up to 87.30 pence per 2015 ZDP Share and up to 107.1 pence per 2017 ZDP Share (as appropriate) from the assets in the Company Portfolio, rank behind any borrowings made

by the Company that remain outstanding. In the event that the Company is wound-up prior to the 2013 Final Capital Entitlement Date, holders of 2013 ZDP Shares will rank in priority to holders of 2015 ZDP Shares for amounts owing to them and holders of 2015 ZDP Shares will rank in priority to holders of 2017 ZDP Shares for amounts owing to them. In the event that the Company is wound-up after the 2013 Final Capital Entitlement Date but prior to the 2017 Final Capital Entitlement Date, holders of 2015 ZDP Shares will rank in priority to holders of 2017 ZDP Shares for amounts owing to them. In addition, the holders of the Equity Shares are entitled to all the net revenue profits (including accumulated but unpaid revenue reserves) of the Company on a winding up after payment of the Company's liabilities or on the 2013 Final Capital Entitlement Date, 2015 Final Capital Entitlement Date or 2017 Final Capital Entitlement Date even in circumstances where there are insufficient assets in the Company Portfolio to pay the Net Asset Value or 2013 Final Capital Entitlement, 2015 Final Capital Entitlement or 2017 Final Capital Entitlement Date, as the case may be, of the holders of Issued ZDP Shares in full. Accordingly, the Company's net revenue profits (including accumulated but unpaid revenue reserves) will not be available to holders of Issued ZDP Shares and the Company may continue to pay distributions in circumstances where the Issued ZDP Shares are uncovered or where the holders of Issued ZDP Shares have little or no prospect of receiving their Net Asset Value or 2013 Final Capital Entitlement, 2015 Final Capital Entitlement or 2017 Final Capital Entitlement, as the case may be.

The 2017 Final Capital Entitlement of 107.1 pence for a 2017 ZDP Share is not guaranteed repayment amount. On a return of assets, including the winding-up of the Company, holders of 2017 ZDP Shares would only receive their accrued entitlement if there are sufficient surplus assets of the Company (less any prior changes and winding up expenses and less the revenue profits (including accumulated revenue reserves) of the Company) to the date of winding-up or return of such assets. Should Total Assets have fallen by more than 20.2 per cent., per annum (based on the Assumptions) until the 2017 Final Capital Entitlement Date, holders of 2017 ZDP Shares will receive less than the 2017 Final Capital Entitlement. Issued ZDP Shares are not a protected or guaranteed investment.

Interest rate rises are likely to lead to reductions in the market value of the Issued ZDP Shares

The market values of the Issued ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the Issued ZDP Shares. Any rises in general interest rates may reduce the 2013 Final Capital Entitlement, 2015 Final Capital Entitlement and 2017 Final Capital Entitlement (as appropriate) the holders of Issued ZDP Shares may receive.

The Standard Listing of the 2017 ZDP Shares affords 2017 ZDP Shareholders a lower level of regulatory protection than a Premium Listing

The Standard Listing of the 2017 ZDP Shares affords 2017 ZDP Shareholders a lower level of regulatory protection than a Premium Listing. A Standard Listing affords 2017 ZDP Shareholders in the Company a lower level of regulatory protection than that afforded to investors in securities of a company admitted to Premium Listing, which is subject to additional obligations under the Listing Rules in respect of those securities. A Standard Listing will not permit the Company to gain a FTSE indexation in respect of the 2017 ZDP Shares, which may have an adverse affect on the valuation of the 2017 ZDP Shares.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing of the 2017 ZDP Shares".

The 2017 ZDP Shares have never been publicly traded. Even if the Company is successful in listing the 2017 ZDP Shares, an active and liquid trading market for those Shares may not develop

There has not been an active market for the 2017 ZDP Shares. The Company has applied to list the 2017 ZDP Shares on the London Stock Exchange's main market for listed securities. The Company cannot predict the extent to which, even if admitted to trading, investor interest will lead to the development of an active and liquid trading market for those Shares or, if such a market develops, whether it will be maintained.

The Company cannot predict the effects on the price of the 2017 ZDP Shares if a liquid and active trading market for those Shares does not develop. In addition, if such a market does not develop, relatively small sales may have a significant negative impact on the price of the 2017 ZDP Shares, and sales of a significant number of those Shares may be difficult to execute at a stable price.

Risks relating to the Equity Shares

Holders of Equity Shares may not receive distributions

There is no assurance Equity Shareholders will receive distributions. The Equity Shareholders are entitled to all the income of the Company after fees, expenses and taxes resolved by the Directors to be distributed, and to all accumulated but unpaid revenue reserves. Any distributions in respect of the Equity Shares are subject to, *inter alia*:

- the Company passing the solvency test contained in the Companies Law;
- prevailing market conditions;
- any other legal or regulatory constraints; and
- the Directors exercising their sole discretion to redeem Shares.

Investors are reminded that achieving income on the Equity Shares is only a secondary objective and, therefore, the Directors do not expect revenue profits or revenue reserves to be significant. The Company's policy of charging fees and expenses wholly to the revenue account will reduce the amount of the Company's revenue available for the payment of distributions. Such a reduction could arise, for example, from lower rates of distributions received from the investments in the Company Portfolio. Falls in the value of its investments could also result in cuts in distributions paid by the Company.

Any change in the tax treatment of dividends paid to, or income received by or capital returned to the Company may reduce the dividends or other distributions paid to the holders of the Equity Shares. Any change in the tax treatment of distributions made to, or dividends paid to the holders of Equity Shares may have adverse taxation consequences for such holders.

The US\$ Equity Shares have in the past, and Equity Shares could in the future, trade at a discount to Net Asset Value

The US\$ Equity Shares have periodically traded at a discount to Net Asset Value and any class of Equity Shares issued from time to time could do so in the future for a variety of reasons, including due to market conditions or the extent investors undervalue the Managers' investment management activities. As of 30 June 2011, the Net Asset Value per US\$ Equity Share was US\$1.34. As at close of business on 11 August 2011, the US\$ Equity Shares were trading at a 32.8 per cent. discount to their prevailing NAV. Additionally, the Company is not obligated to make cash distributions to the Shareholders and it may reinvest the cash it receives. Therefore, in order to realise upon their investment, investors may need to sell their Equity Shares for cash. Accordingly, in the event that a holder of Equity Shares requires immediate liquidity, or otherwise seeks to realise the value of its investment in the Company, through a sale of Equity Shares, the amount received by the Shareholder upon such sale may be less than the underlying net asset value of the Equity Shares sold.

The value of the Company Portfolio attributable to the Equity Shares will depend on the assets in the Company Portfolio being sufficient to meet the capital entitlements of the Issued ZDP Shares

The Company's capital structure is such that the underlying value of assets in the Company Portfolio attributable to the Equity Shares will be leveraged by the performance of the assets in the Company Portfolio relative to the rising capital entitlements of the 2013 ZDP Shares, 2015 ZDP Shares and 2017 ZDP Shares, which rank in priority to Equity Shares in respect of repayment of up to 73.00 pence per 2013 ZDP Share, 87.30 pence per 2015 ZDP Share and 107.1 pence per 2017 ZDP Share. Accordingly, a positive Net Asset Value for the Equity Shareholders will be dependent upon the assets in the Company Portfolio being sufficient to meet those prior entitlements, in addition to any entitlement for the repayment of capital in connection with any debt financing which may be in place from time to time. Potential Equity Shareholders should understand they may receive an amount less than the price paid for their Equity Shares, or even no payment at all.

The Company may require the sale or transfer, or procure the disposal of interests in, Shares held by certain Shareholders

The Articles contain provisions which in certain circumstances entitle or require the Directors to serve a transfer notice upon a Shareholder obliging that Shareholder to transfer his Shares to an eligible transferee. Such circumstances arise if, in summary, the Directors become aware that the ownership of any Shares or any beneficial interest therein may (a) give rise to an obligation on the Company to register as an “investment company” under the US Investment Company Act or any similar legislation; (b) give rise to an obligation on the Company to register under the US Exchange Act or any similar legislation; (c) result in the Company not being considered a “foreign private issuer” as such term is defined in Rule 3b-4(c) under the US Exchange Act; (d) result in a US Plan Investor holding shares; or (e) result in a person holding shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time, in connection with any increase in the Company’s share capital pursuant to the Articles.

If the transfer notice is not complied with to the satisfaction of the Directors, the Company is entitled to sell or transfer (and/or procure the disposal of interests in) the Shares held by the relevant Shareholder on behalf of the holder. The net proceeds of sale will belong to the Company which will become indebted to the former Shareholder for an amount equal to the net proceeds. There is no assurance as to the price which may be achieved for the Ordinary Shares in any such sale and the provisions of the Articles summarised in this paragraph may operate to the detriment of certain Shareholders. A fuller description of the provisions of the Articles summarised in this paragraph is set out in paragraphs 4(k)(v) and (vi) of Part IX of this document.

Risks relating to the Acquisition

The Acquisition Agreement is subject to a number of conditions

The Acquisition Agreement is subject to a number of conditions, including Admission occurring by 12 September 2011 (or such later date as the Company and the SPL Funds may agree. Admission will not occur, if amongst other listing requirements, the Company is unable to comply with Listing Rule 14.2.2 and fails to ensure that at least 25 per cent. of the total number of 2017 ZDP Shares (in respect of which application has been made for Standard Listing) issued have been distributed to the public.

Risks relating to taxation

If the Company is deemed to be engaged in a trade or business within the United States, its “effectively connected” income will be subject to US federal income tax

If the Company Portfolio holds an interest directly, or indirectly through transparent entities, in a private equity fund that is treated as a partnership for US tax purposes and the private equity fund engages in activities in the United States, or is treated as engaging in activities in the United States, other than investing and trading in stocks, securities and commodities such that the private equity fund is considered to be engaged in a trade or business within the United States for US tax purposes, then the Company would be considered to be engaged in a trade or business within the United States and generally would be subject to US federal income tax on its “effectively connected” income and may be subject to an additional branch profits tax on its “effectively connected” earnings and profits.

The Company’s status as a PFIC may have adverse tax consequences for United States investors

Shareholders who are United States taxpayers should be aware that the Company expects to be treated as a passive foreign investment company (“PFIC”) for United States federal income tax purposes. If the Company qualifies as a PFIC in any taxable year, a United States holder of the Company’s securities generally will be required to treat any excess distribution received on such securities, or any gain realised upon the disposition of those securities, as ordinary income, and to pay an interest charge on a portion of such distribution or gain, unless the United States holder is eligible to make, and does make, a qualified electing fund (“QEF”) election or a mark-to-market election with respect to the securities. A United States holder who makes a QEF election generally must report to the United States tax authorities its share of the Company’s ordinary earnings and net capital gain for any year in which the Company is a PFIC, whether or not it distributes any amounts to its security holders. A QEF election is effective only if certain

required information is provided annually by the Company to the investor. The Company currently anticipates providing this information. A QEF election is not available, however, with respect to warrants owned by United States holders.

Changes in taxation legislation may adversely affect the Company

Any change in the Company's tax status, or in taxation legislation or practice in either Guernsey or the United Kingdom or elsewhere, could affect the value of the investments in the Company Portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders.

Statements in this document concerning the taxation of Shareholders are based upon current UK and Guernsey tax law and published practice, which law and practice are in principle subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to meet its investment objective. Statements in this document in particular take into account legislation introduced by the Finance Act 2009 which provides for a new definition of an "offshore fund" for the purposes of the United Kingdom offshore fund rules and which take effect from 1 December 2009. Should the Company or any class of Shares be regarded as subject to the UK offshore fund rules, this may have adverse tax consequences for certain UK resident Shareholders on the disposal of Shares.

Existing and potential investors should consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Company.

IMPORTANT INFORMATION

The attention of existing and potential investors is drawn to the “Risk Factors” set out on pages 9 to 33 of this document.

Investment in the Company will involve certain risks and special considerations. Existing and potential investors should be able and willing to withstand the loss of their entire investment. The investments of the Company are subject to normal market fluctuations and the risks inherent in all investments and there can be no assurance that an investment will retain its value or that appreciation will occur. The price of Shares and the income from such Shares can go down as well as up and Shareholders may not realise the value of their initial investment.

General

This document has been produced for the purpose of the issue of the Placing Shares and seeking admission to listing on the premium segment and the standard segment (as appropriate) of the Official List and admission to trading of the Placing Shares on the London Stock Exchange’s main market for listed securities. In making an investment decision regarding the Placing Shares offered pursuant to the Acquisition, investors must rely on their own examination of the Company, including the merits and risks involved in an investment in the Placing Shares. The issue of the Placing Shares is being made solely on the basis of this document.

The Placing Shares are only suitable for existing and potential investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the Placing Shares would be of a long-term nature and constitutes part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the Company.

No representation or warranty, express or implied, is made by Liberum Capital as to the accuracy, completeness or verification of the information set forth in this document, and nothing contained in this document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Liberum Capital does not assume any responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

No broker, dealer or other person has been authorised by the Company, its Directors, the Managers or Liberum Capital to issue any advertisement or to give any information or to make any representations in connection with the issue of the Placing Shares or the Acquisition, other than those contained in this document and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company, its Directors, the Managers or Liberum Capital.

Existing and potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Existing and potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, receipt, holding, transfer, redemption or other disposal of Placing Shares, (b) any foreign exchange restrictions applicable to the purchase, receipt, holding, transfer, redemption or other disposal of Placing Shares that they might encounter, and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, receipt, holding, transfer, redemption or other disposal of Placing Shares. Existing and potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in Guernsey, England and Wales and the United States and are subject to changes therein. Prospective investors should assume that the information appearing in this document is accurate only as of the date on the front cover of this document, regardless of the time of delivery of the document or of any offer or sale of the Placing

Shares. The business, financial condition and prospects of the Company could have changed since that date. The Company expressly disclaims any duty to update this document save where required by the Prospectus Rules, Listing Rules or Disclosure and Transparency Rules of the FSA.

This document should be read in its entirety before making any investment in the Company. All prospective Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Incorporation of the Company.

Forward-Looking Statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it, and its portfolio of investments invest and, where applicable, issue securities. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward looking statements contained in this document. In addition, even if the investment performance, results of operations and financial condition of the Company, and the development of its financing strategies, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- the risk factors in the section titled “Risk Factors” in this document;
- changes in economic conditions generally and the Company’s ability to achieve its investment objective and returns on equity for investors;
- changes in the Company’s business strategy and the audited financial history of the Company not being indicative of its future performance;
- the Company’s ability to invest the cash on its balance sheet and the proceeds of any exercise of subscription rights in suitable investments on a timely basis;
- changes in interest rates and/or credit spreads, as well as the success of the Company’s investment strategy in relation to such changes;
- impairments in the value of the Company’s investments;
- the availability and cost of capital for future investments;
- competition within the industries in which the Company seeks to invest;
- the departure of key members employed by the Manager;
- the termination of, or failure of the Managers to perform their obligations under the Management Agreement with the Company;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company’s business or companies in which the Company makes investments; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document.

Although the Company and the Managers undertake no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Rules, Listing Rules or Disclosure and Transparency Rules of the FSA), whether as a result of new information, future events, conditions or circumstances, any change in the Company's or the Managers' expectations with regard thereto or otherwise, Shareholders are advised to consult any communications made directly to them by the Company and/or any additional disclosures through announcements that the Company may make through a RIS.

Selling Restrictions

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to acquire Placing Shares by any US Person or person in the United States, or in any jurisdiction (i) in which such offer or invitation is not authorised, or (ii) in which the person making such offer or invitation is not qualified to do so, or (iii) to any person to whom it is unlawful to make such offer or invitation. Prospective investors should refer to the section headed "Purchase and Transfer Restrictions" in Part IV of this document.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), no Placing Shares have been offered or will be offered pursuant to the Acquisition to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Placing Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Placing Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Placing Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Placing Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Placing Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Placing Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**"), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

For the attention of US Persons and persons within the United States

The Placing Shares have not been and will not be registered under the US Securities Act, or under any securities laws of any state or other jurisdiction of the United States. The Placing Shares may not be offered, sold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US Person. The Placing Shares are being offered and sold only outside the United States to non-US Persons in “offshore transactions” in accordance with the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. There will be no public offer of the Placing Shares in the United States.

The Company has not been and will not be registered under the US Investment Company Act, and investors will not be entitled to the benefits of that Act. Persons within the United States and US Persons will not be eligible to receive Placing Shares.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for Placing Shares or any other securities in the Company to any person to whom or in any jurisdiction in which such an offer, invitation or solicitation is unlawful, including the Excluded Territories. Persons within the United States and US Persons may not acquire for or purchase Placing Shares offered hereby. Any person within the United States and any US Person who obtains a copy of this document is required to disregard it. No purchase, sale, exercise or transfer of Placing Shares may be made except in circumstances in which such purchase, sale, exercise or transfer will not result in the Company being required to be registered under the US Investment Company Act or potentially being in violation of such Act or the rules and regulations promulgated thereunder. Prospective investors should refer to the section headed “Purchase and Transfer Restrictions” in Part IV of this document.

General

The Company is a Guernsey company, and its registered office and administrative activities and a substantial portion of its assets are located outside the United States. In addition, (with the exception of Mr. Getschow) all of the Company’s directors and officers are residents of jurisdictions other than the United States, and (with the exception of Mr. Getschow) all or a substantial portion of the assets of these persons are or may be located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Company or these persons or to enforce outside the United States judgments against the Company or these persons obtained in the United States in any action, including actions predicated upon the civil liability provisions of the securities laws of the United States or any state or other jurisdiction within the United States.

Prospective investors should note that Placing Shares may not be acquired by investors using assets of (i) an employee benefit plan as defined in section 3(3) of ERISA (whether or not subject to the provisions of Title I of ERISA, but excluding plans maintained outside the US that are described in Section 4(b)(4) of ERISA), (ii) a plan, individual retirement account or other arrangement that is described in Section 4975 of the US Tax Code (whether or not such plan, account or arrangement is subject to Section 4975 of the US Tax Code), (iii) an insurance company using general account assets, if such general account assets are deemed to include assets of any of the foregoing types of plans, accounts or arrangements for purposes of Title I of ERISA or Section 4975 of the US Tax Code, or (iv) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code.

If 25 per cent. or more of any class of equity in the Company is owned, directly or indirectly, by US Plan Investors that are subject to ERISA or Section 4975 of the US Tax Code, the assets of the Company will be deemed to be “plan assets”, subject to the constraints of ERISA and Section 4975 of the US Tax Code. If this happens, transactions involving the assets of the Company could be subject to the fiduciary responsibilities of ERISA, the prohibited transaction provisions of ERISA and Section 4975 of the US Tax Code and, among other things, the fiduciary of a plan subject to ERISA that is responsible for the plan’s investment in the Shares could be liable for any ERISA violations by the Directors or Manager.

Bank Holding Company Act of 1956

JPMorgan is subject to regulation under state and federal law, including the US Bank Holding Company Act of 1956, as amended (“**BHCA**”).

Under the US Gramm-Leach-Bliley Act (“**GLB**”), enacted in 1999, bank holding companies meeting certain eligibility criteria may elect to become “financial holding companies”, which may engage in any activities that are “financial in nature”, as well as in additional activities that the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”), after in certain cases consultation with the US Department of the Treasury (“**US Treasury Department**”), determines are financial in nature or incidental or complementary to financial activities. Under GLB, “financial activities” specifically include insurance, securities underwriting and dealing, merchant banking, investment advisory and lending activities. JPMorgan elected to become a financial holding company as of 13 March 2000.

United States regulations also provide that if any depository institution controlled by a financial holding company fails to maintain a satisfactory rating under the US Community Reinvestment Act (“**CRA**”), the Federal Reserve must prohibit the financial holding company and its subsidiaries from engaging in any additional activities other than those permissible for bank holding companies that are not financial holding companies. So long as the depository institution subsidiaries of JPMorgan meet the required capital, management and CRA requirements, JPMorgan is permitted to conduct the broader activities permitted under GLB.

However, if any depository institution controlled by a financial holding company ceases to be “well-capitalized” or “well-managed,” the Federal Reserve may impose corrective capital or managerial requirements on the financial holding company and place limitations on its ability to conduct the broader financial activities permissible for financial holding companies. The Federal Reserve may also require divestiture of the holding company’s depository institutions if the deficiencies persist.

The Company may be deemed to be indirectly controlled by JPMorgan for purposes of the BHCA (“**controlled**”). As a result, so long as the Company is deemed “controlled,” the Company will be limited in investment activities, including the amount of the Company’s equity investment in a particular issuer, the length of time that the Company may hold a particular investment, and if applicable, the ability to have input into the business plans of an issuer. In addition, during any time the Company is deemed “controlled”, for purposes of calculating maximum permitted ownership under various statutes, positions held by the Company will be aggregated with positions held by JPMorgan, entities controlled by JPMorgan and certain accounts managed by affiliates of JPMorgan. The Company will also be treated as an affiliated entity for purposes of Sections 23A and 23B of the US Federal Reserve Act, as amended. Those sections require that banking subsidiaries of JPMorgan comply with certain standards and restrictions in dealing with affiliates such as the Company.

The Dodd-Frank Act

Recent legislative changes in the United States are relevant to JPMorgan (for the purposes of this section, individually as JPMorgan Chase & Co. or collectively with its subsidiaries, as the context may require) and may be relevant to the Company and the Shareholders. On July 21, 2010, President Obama signed into law the Dodd-Frank Act. The Dodd-Frank Act includes certain provisions (known as the “Volcker Rule”) that restrict the ability of a banking entity, such as JPMorgan, from acquiring or retaining any equity, partnership or other ownership interest in, or sponsoring, a hedge fund or private equity fund and prohibit certain transactions between such funds and any JPMorgan entity.

While there can be no certainty as to the final form of any rules implementing the Dodd-Frank Act, those rules could be adverse to the operation and management of certain non-U.S. funds such as the Company. Depending on the final form of such rules, those rules could, among other things, (1) prohibit banking entities, such as JPMorgan, from acquiring or retaining any equity or other ownership interest in the Company, except for a *de minimis* investment (generally an investment by JPMorgan in a hedge fund or private equity fund will be considered *de minimis* if the investment is not more than three per cent. of the total ownership interests of the Company and is immaterial to JPMorgan (as defined by rule); but in no case may the aggregate of all of the interests of JPMorgan in all such funds exceed three per cent. of the Tier 1 capital of JPMorgan), (2) prohibit directors and employees of JPMorgan not directly engaged in providing investment advisory or

other services to the Company from taking or retaining any equity or other ownership interest in the Company and limit or prohibit the ability of employees of JPMorgan and their investment vehicles, including the JPMorgan Retirement Plan and the JPM Employees Company from investing in or co-investing with the Company, (3) require that the name of the Company be changed to remove any reference to JPMorgan, and (4) prohibit certain transactions between the Company and any JPMorgan entity. In addition, JPMorgan may not be permitted to deviate from the fees and expenses contractually agreed between the Company and JPMorgan in the governing documents of the Company or to otherwise absorb expenses of the Company. Further, the investment opportunities, investment strategies or actions of the Company may be limited in order to comply with the Volcker Rule's restriction on material conflicts of interest. There could be other regulatory and management consequences to the Company, depending upon the rules ultimately adopted.

Final rules that implement the Volcker Rule are expected to be adopted no later than 21 October 2011. The Volcker Rule becomes effective on the earlier of: (i) 12 months after issuance of the final rules; and (ii) two years after enactment. This most likely means the effective date of the Volcker Rule will be in July 2012.

Within two years after the effective date, a banking entity must bring its activities and investments into compliance with the Volcker Rule. It is currently expected that compliance will be required by July 2014. The U.S. Federal Reserve Board may grant up to three one-year extensions of the compliance transition period if the extension would be consistent with the purposes of the Volcker Rule and would not be detrimental to the public interest.

Withdrawals by JPMorgan, the JPMorgan Retirement Plan or certain employees of JPMorgan as a result of, or in connection with, the Volcker Rule could require the Company to liquidate positions sooner than would otherwise be desirable, which could adversely affect the performance of the Company. In addition, regardless of the period of time in which such withdrawals occur, the resulting reduction in the Company's net assets, and thus in its equity base, could make it more difficult for the Company to diversify its holdings and achieve its investment objective. Substantial withdrawals by JPMorgan, the JPMorgan Retirement Plan or certain employees of JPMorgan could cause the Company to distribute a considerable percentage of its liquid assets, leaving the Company's remaining portfolio, and the interests of the remaining Shareholders, comparatively less liquid and could significantly increase the remaining Shareholders' pro rata share of Company expenses. Similarly, JPMorgan, the JPMorgan Retirement Plan or certain employees of JPMorgan may be required to transfer their interests in the Company to a third party as a result of, or in connection with, the Volcker Rule and such transfers may have an adverse effect on the Company.

Due to the prohibition on certain transactions between the Company and JPMorgan entities, there may be certain investment opportunities, investment strategies or actions that the Managers will not undertake on behalf of the Company. A fund that is not advised by JPMorgan may not be subject to these considerations.

Investments in the Company are not deposits of JP Morgan

Investments in the Company are not deposits or obligations of, or guaranteed or endorsed in any way by, the Managers, JPMorgan Chase Bank, N.A., any other JPMorgan entity, or any other bank.

None of the Managers, JPMorgan Chase Bank, N.A. or any other JPMorgan entity, the U.S. Federal Deposit Insurance Company or any other bank or governmental agency, directly or indirectly, guarantees, assumes or otherwise insures the obligations or performance of the Company or of any other fund or company in which the Company or any subsidiary of the Company invests.

Any losses in the Company are borne solely by Shareholders in the Company and not by JPMorgan Chase Bank, N.A., the Managers, or any other JPMorgan entity.

JPMorgan investment advisory clients

JPMorgan and companies within its group act as adviser to clients, including other investment funds, in asset management and other capacities with respect to investments in securities in which the Company may have an investment. JPMorgan (or one of its group companies) may give advice, and take action, with respect to any of its clients or proprietary accounts that may differ from the advice given, or may involve a different timing or nature of action taken, with respect to the Company with the result that the Company receives different returns than other JPMorgan clients on the same investment. Because of different objectives or other factors, a particular investment may be sold by the Company, JPMorgan, JPMorgan group clients or other investment funds, at a time when one of such persons is purchasing such investment.

CONSEQUENCES OF A STANDARD LISTING OF THE 2017 ZDP SHARES

Application has been made for the 2017 ZDP Shares to be admitted to the standard segment of the Official List. A Standard Listing affords purchasers of 2017 ZDP Shares in the Company a lower level of regulatory protection than that afforded to investors in securities of the Company that are admitted to the premium segment of the Official List, with respect to which the Company is subject to additional obligations under the Listing Rules. It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules and/or any provision of the Model Code or those aspects of the Disclosure And Transparency Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

The 2017 ZDP Shares to be issued in connection with the Acquisition will be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings.

The Company intends to comply with the Listing Principles set out in Chapter 7 of the Listing Rules notwithstanding that they only apply only in respect of securities admitted to Premium Listing on the Official List. The Company is not, however, formally subject to such Listing Principles in respect of the 2017 ZDP Shares and will not be required to comply with them by the UK Listing Authority.

In addition, while the 2017 ZDP Shares have a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters;
- Chapter 9 of the Listing Rules relating to continuing obligations;
- Chapter 10 of the Listing Rules relating to significant transactions which requires Shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

DIRECTORS, MANAGERS AND ADVISERS

Directors	Trevor Charles Ash (<i>Chairman</i>) (<i>Guernsey resident</i>) Gregory S. Getschow (<i>US resident</i>) John Loudon (<i>UK resident</i>) Christopher Paul Spencer (<i>Guernsey resident</i>) All of whom are of: Arnold House St. Julian's Avenue St. Peter Port Guernsey GY1 3NF
Managers	Bear Stearns Asset Management Inc. 270 Park Avenue New York New York 10017 United States of America JPMorgan Asset Management (UK) Limited 125 London Wall London EC2Y 5AJ United Kingdom
Sponsor and Broker	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY United Kingdom
Legal Adviser to the Company (as to the law of England and Wales)	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS United Kingdom
Legal Adviser to the Company (as to the law of Guernsey)	Carey Olsen Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Legal Advisor to the Sponsor and Broker	Stephenson Harwood 1 Finsbury Circus London EC2M 7SH United Kingdom
Auditors	KPMG Channel Islands Limited 20 New Street St. Peter Port Guernsey GY1 4AN
Registrar	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH

**Administrator and Company
Secretary**

HSBC Management (Guernsey) Limited
Arnold House
St. Julian's Avenue
St. Peter Port
Guernsey GY1 3NF

**UK Transfer Agent and Paying
Agent**

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

EXPECTED TIMETABLE

2011

Admission to listing of the Placing Shares	8.00 a.m. on 12 September
Dealings in the Placing Shares to commence on the London Stock Exchange	8.00 a.m. on 12 September
CREST (stock) accounts credited	12 September
Certificates despatched for the Placing Shares	week commencing 19 September

General Notes:

- (a) The actions specified in the expected timetable of principal events above are subject to conditions relating to the Acquisition of the Transfer Portfolio which are set out in Part I of this document.
- (b) The times and dates set out in the expected timetable of events above and mentioned throughout this document may be adjusted by the Company, in which event the Company will notify investors of changes to the timetable by publication of a notice through a RIS provider.
- (c) All references in this document to time are to London time.

INDICATIVE STATISTICS

Placing Shares

US\$ Equity Share

Number of US\$ Equity Shares in issue at the date of this document	356,879,443
Number of US\$ Equity Shares issued pursuant to the Acquisition	44,727,053
Number of US\$ Equity Shares in issue immediately following Admission (excluding treasury shares)	401,606,496

2017 ZDP Share

Number of 2017 ZDP Shares in issue at the date of this document	Nil
Number of 2017 ZDP Shares issued pursuant to the Acquisition	30,410,753
Number of 2017 ZDP Shares in issue immediately following Admission	30,410,753
Initial capital entitlement per 2017 ZDP Share	65 pence
2017 Final Capital Entitlement per 2017 ZDP Share	107.1 pence
Redemption Yield per 2017 ZDP Share at initial capital entitlement ²	8.25 per cent. p.a.
Minimum hurdle rate to return the 2017 Final Capital Entitlement per 2017 ZDP Share (per annum for each of the next 6.3 years)	13.8 per cent.
Minimum hurdle rate to return the initial capital entitlement (per annum for each of the next 6.3 years)	19.1 per cent.

The 2017 Final Capital Entitlement will depend on, amongst other factors, the underlying growth rate of the Company Portfolio. The tables below, based on the Assumptions, illustrate the potential 2017 Final Capital Entitlement for holders of 2017 ZDP Shares who retain their Shares issued pursuant to the Acquisition until the 2017 Final Capital Entitlement Date, showing the potential effect of different annual rates of capital growth in the Company Portfolio and Equity Share tenders.

Prospective investors should note that, based on the Assumptions, and assuming a maximum allottable 7.5 per cent. tender of US\$ Equity Shares each half year prior to the 2017 Final Capital Entitlement Date (assuming such tender offer is only offered where the minimum Cover for each class of Issued ZDP Shares is greater than 1.3 times), if the 2017 ZDP Shares were redeemed on the planned redemption date of 31 December 2017, the above illustrative initial capital entitlement would not be repaid in full if the rate of return in the Company Portfolio following issue of the 2017 ZDP Shares was less than -19.1 per cent. per annum for each of the next 6.3 years and the 2017 Final Capital Entitlement of 107.1 pence would not be repaid in full if the rate of return in the Company's portfolio following implementation of the 2017 ZDP Shares was less than -13.8 per cent. per annum for each of the next 6.3 years, both from 12 September 2011.

² The Redemption Yield of a 2017 ZDP Share is not, and should not be taken as, a forecast of profits and there can be no assurance that the 2017 ZDP Shares will be repaid in full on the 2017 Final Capital Entitlement Date of 31 December 2017.

Illustrative Projected 2017 Final Capital Entitlement (pence):

<i>% Equity Shares tendered each half year</i>	<i>Company Portfolio capital growth rate per annum</i>								
	-15.0%	-12.5%	-10.0%	-7.5%	-5.0%	-2.5%	0.0%	2.5%	5.0%
0.0%	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1
2.5%	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1
5.0%	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1
7.5%	94.7	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1

Illustrative 2017 ZDP Share Redemption Yield on the initial capital entitlement:

<i>% Equity Shares tendered each half year</i>	<i>Company Portfolio capital growth rate per annum</i>								
	-15.0%	-12.5%	-10.0%	-7.5%	-5.0%	-2.5%	0.0%	2.5%	5.0%
0.0%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
2.5%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
5.0%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
7.5%	6.16%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%

The attention of existing and potential investors is also drawn to the risk factors set out on pages 9 to 33 of this document and the Assumptions set out on page 83 of this document.

PART I

INFORMATION ON THE COMPANY

Company Overview

J.P. Morgan Private Equity Limited is a Guernsey registered and incorporated closed-ended investment company and is designed primarily to invest in the global private equity market. The Company's issued share capital has been admitted to listing on the premium segment and the standard segment (as appropriate) of the Official List and admitted to trading on the main market of the London Stock Exchange (LSE:JPPEL, JPPEZ, JPZZ, JPWW).

In summary, the investment objective of the Company is to achieve both short and long-term capital appreciation by investing in a well-diversified portfolio of private equity fund interests and by capitalising on the inefficiencies of the secondary private equity market.

The Company primarily pursues the following strategies to enhance Shareholder value and to meet its investment objective:

- acquire secondary market portfolios of direct fund investments, significantly invested partnership interests and partially drawn commitments, in order to accelerate Net Asset Value development;
- opportunistically invest in buyout, special situation, venture capital and other fund investments throughout the world based on attractive transaction values, advantageous market conditions and compelling risk adjusted return potential;
- obtain exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation;
- diversify its portfolio by manager, industry, geography, investment stage and vintage year; and
- actively manage the Company Portfolio by repositioning its investment composition from time to time in order to capitalise on changes in private equity market conditions.

The Company is managed by Bear Stearns Asset Management Inc. (which is a registered investment adviser pursuant to the Investment Advisors Act of 1940) and JPMorgan Asset Management (UK) Limited (which is authorised and regulated by the Financial Services Authority in the United Kingdom). Combined with J.P. Morgan Asset Management, they managed approximately US\$22.4 billion of private equity assets as at 31 December 2010. BSAM Inc. is marketed under the J.P. Morgan Asset Management brand. J.P. Morgan Asset Management is the marketing name for the investment management subsidiaries of JPMorgan (NYSE: JPM). BSAM Inc. is a subsidiary of The Bear Stearns Companies LLC, which is in turn a subsidiary of JPMorgan.

The Company's Articles allow the Company to issue US\$ Equity Shares, Euro Equity Shares, Sterling Equity Shares, 2013 ZDP Shares and 2015 ZDP Shares. The Company has to date issued US\$ Equity Shares, 2013 ZDP Shares and 2015 ZDP Shares. The Articles also grant discretion to the Directors to issue any other class of shares in accordance with the terms of the Articles. The Directors have resolved to exercise this discretion and offer the 2017 ZDP Shares pursuant to the Acquisition. All Shares rank equally for voting rights at general meetings of the Company save in certain circumstances on matters affecting the special rights of each class of Share.

The Company aims to provide Equity Shareholders with geared exposure to an attractive private equity portfolio, to provide 2013 ZDP Shareholders with a predetermined 2013 Final Capital Entitlement of 73.0 pence per 2013 ZDP Share on the 2013 Final Capital Entitlement Date, to provide 2015 ZDP Shareholders with a predetermined 2015 Final Capital Entitlement of 87.30 pence per 2015 ZDP Share on the 2015 Final Capital Entitlement Date and, subject to Admission occurring, to provide 2017 ZDP Shareholders with a predetermined 2017 Final Capital Entitlement of 107.1 pence per 2017 ZDP Share

on the 2017 Final Capital Entitlement Date. The 2013 Final Capital Entitlement of 73.0 pence per 2013 ZDP Share, the 2015 Final Capital Entitlement of 87.30 pence per 2015 ZDP Share and the 2017 Final Capital Entitlement of 107.1 pence per 2017 ZDP Share are not guaranteed repayment amounts.

As at 30 June 2011, the unaudited NAV per US\$ Equity Share was US\$1.34, representing an annualised and cumulative increase of 4.7 per cent. and 31.4 per cent., respectively, since inception (*source: management accounts, unaudited*).

The Company is considered by the Directors potentially to be attractive to institutional investors and high net worth individuals who are seeking returns in the form of capital growth, with income as a secondary objective, from an exposure to a diversified portfolio of private equity investments, the vast majority of which are unlisted and unregulated investment vehicles with limited or no liquidity.

Background to and reasons for the Acquisition

On 15 August 2011, the Company entered into a purchase and sale agreement with the SPL Funds to acquire their outstanding limited partnership interests comprising the Parallel Private Equity Limited Partnership (the “**Transfer Portfolio**”) valued at £56.5 million (the “Acquisition”) (approximately US\$91.9 million based on exchange rates as at 12 August 2011).

The Transfer Portfolio consists of 38 underlying direct co-investments with leading fund managers including Duke Street, Barclays Private Equity, 3i and Milestone. As many of the investment vehicles comprising the Transfer Portfolio are currently in their investment periods, the underlying investors are still subject to capital calls to meet future funding needs. Assuming completion of the Acquisition, it is estimated that the Company will be responsible for approximately £6.9 million in such unfunded commitments, in aggregate.

The manager of the Transfer Portfolio is Parallel Private Equity LLP, a London-based private equity firm that co-invests alongside select private equity managers in the UK and European mid-market. The firm was founded in 1997 and has invested in over 340 deals to date, in excess of £1.4 billion. Parallel Private Equity Limited Partnership raises capital each year from its own limited partners and creates a tailored portfolio of co-investments with the underlying managers.

The Managers believe that the Acquisition is complementary to the existing Private Equity Portfolio as the Transfer Portfolio will enhance the Company’s existing exposure to the European mid-market, an area in which the Managers believe is an attractive segment in which to invest over the next several years and in which the Managers would like to supplement the Company’s existing allocations. Moreover, the Managers anticipate that the distribution activity over the next several years from the Transfer Portfolio may allow the Company to reinvest or distribute additional proceeds to Shareholders as deemed suitable by the Directors. Distributions may be derived both from near-term exits as well as from potential asset sales if deemed suitable based on prevailing market prices. The Managers believe that the assets comprising the Private Equity Portfolio and the Transfer Portfolio are rarely exchanged on the private equity secondary market and, therefore, it is unlikely that investors will be unable to construct a comparable aggregate private equity portfolio. Moreover, the Company believes that the relative high quality of the assets comprising the Private Equity Portfolio and Transfer Portfolio is in part the reason for their scarcity.

Under the terms of the Acquisition, the purchase price of £56.5 million will be adjusted for capital calls and distributions made by the Parallel Private Equity Limited Partnership between the date on which the Acquisition Agreement was signed and the Closing Date (as further described below) (the “**Purchase Price**”). The Purchase Price will be payable in the form of: (i) US\$ Equity Shares with an aggregate value of £36.7 million (based on prevailing exchange rates) issued at their aggregate prevailing unaudited Net Asset Value per US\$ Equity Share of US\$1.34 as at 30 June 2011 which will represent 65 per cent. of the Purchase Price, and (ii) 2017 ZDP Shares with a Redemption Yield of 8.25 per cent. per annum with an aggregate value of £19.8 million representing 35 per cent. of the Purchase Price. The Purchase Price will be payable to the respective owners of the SPL Funds in proportion to their relative interests in the Transfer Portfolio.

As at 30 June 2011, the value of the Transfer Portfolio was £59.2 million based on recent valuations made by the general partners of the underlying investment vehicles with further adjustments as set out below. Based on this valuation and the value of the Private Equity Portfolio as at 30 June 2011, the Transfer Portfolio is being acquired at a 4.7 per cent. discount to the prevailing net asset value. The Acquisition is expected to increase the value of the Private Equity Portfolio to approximately US\$743.9 million.

Conditional on the completion of the Acquisition, the Company and the SPL Funds have also entered into an Economic Transfer Agreement relating to two ownership interests comprised in the Transfer Portfolio. Pursuant to the Economic Transfer Agreement, the Company will retain record and legal ownership of the relevant interests in accordance with the terms of the Acquisition Agreement but will transfer to the SPL Funds all economic rights, benefits and obligations in and to those ownership stakes. Accordingly, the Company will not be required to fund any future capital calls made by the private equity sponsors of those ownership interests and will transfer to the SPL Funds any distributions, subject to certain adjustments, received in respect of those ownership interests. Accordingly, references in this document to the “Transfer Portfolio”, aside from the number of co-investments, shall exclude the ownership interests that are the subject of the Economic Transfer Agreement.

The Acquisition is conditional upon, amongst others, the approval of the shareholders of the SPL Funds which will be sought at the relevant general meetings of the shareholders of the SPL Funds to be held on or about 9 September 2011, and Admission occurring at 8.00 a.m. on the Closing Date. In the event that any of these conditions are not satisfied or (to the extent it is permissible to do so) waived, Admission will not occur and the Placing Shares will not be allotted.

Assuming the completion of the Acquisition, the assets in the Transfer Portfolio, as a percentage of the Transfer Portfolio as at 30 June 2011, are segregated by fund manager below:

<i>Fund</i>	<i>% of Transfer Portfolio¹</i>
Duke Street	39.6%
Barclays Private Equity	17.7%
3i	15.5%
Milestone Capital Partners	12.3%
Equivest	7.5%
GCP Capital Partners	2.1%
P M & Partners	2.1%
Penta Capital	2.1%
TCR	0.6%
ICEO Capital	0.6%
Total	100%

1 Asset values as at 30 June 2011 and excludes the ownership interests that are the subject of the Economic Transfer Agreement

A detailed description of the consideration of the Acquisition and valuation process is set out under the heading “Principle Terms and Conditions of the Acquisition” below.

Principal Terms and Conditions of the Acquisition

Under the terms of the Acquisition Agreement, the SPL Funds propose to sell the Transfer Portfolio to JPEL Holdings Limited, a subsidiary of the Company in consideration for the Placing Shares as described above. If the conditions contained in the Acquisition Agreement are met (as further detailed below), the completion date of the Acquisition is expected to take place on or about 12 September 2011.

Adjustment to the Purchase Price upon transfer for any capital calls and distributions with respect to the private equity interests in the Transfer Portfolio between the date on which the Acquisition Agreement was executed and Closing Date will be made and paid in cash. Any capital calls paid by the SPL Funds with respect to the private equity interests after date on which the Acquisition Agreement was executed but prior to the Closing Date will be assumed by the Company or its subsidiary at the Closing Date. Accordingly, the aggregate Acquisition Price will be increased by 100 per cent. of the amount of any

such capital calls(s). Any distributions which are subject to future capital calls, with respect to the private equity interests in the Transfer Portfolio after the date on which the Acquisition Agreement was executed but prior to the Closing Date will be paid 100 per cent. to the account of the Company or its subsidiary following the Closing Date as a reduction of the Purchase Price. Cash distributions will be valued at the actual cash amount distributed in respect of the interests.

The Acquisition is conditional on, *inter alia*, the passing of certain shareholder resolutions of each SPL Fund, Admission occurring at 8.00 a.m. on 12 September 2011 (or such later time as the SPL Funds and the Company may agree), and the execution of the Economic Transfer Agreement.

Further details of the Acquisition Agreement are set out in paragraph 8(e) of Part IX of this document.

Exchange

The Company is currently considering a proposal to offer holders of 2013 ZDP Shares the opportunity, in the future, to exchange a certain percentage of the 2013 ZDP Shares held by them for 2017 ZDP Shares and will make a further announcement when additional information is available as to whether an exchange offer will in fact be made. The proposed exchange offer would be limited to an amount equal to 40 per cent. of the 2013 ZDP Shares then in issue, notwithstanding a formal rollover or redemption of the entire class as must occur prior to the Final Capital Entitlement Date of the 2013 ZDP Share class as determined by vote of the Company's shareholders. The Company is considering with its advisers how such an exchange would be undertaken (including an analysis of the potential structural and taxation issues) and will make a further announcement when additional information is available as to whether an exchange offer will in fact be made. Further information regarding whether or not an exchange offer will be made and, if it will, the terms of the exchange offer, will be released in due course by the Company.

Investment policy

Asset Allocation

The majority of the Company Portfolio is allocated to buyout funds, and the balance to venture capital, real estate and multi-style funds.

- A buyout fund typically targets the acquisition of a significant portion or majority control of businesses which normally entails a change of ownership. Buyout funds ordinarily invest in more mature companies with established business plans to finance expansions, consolidations, turnarounds and sales, or spinouts of divisions or subsidiaries.
- A leveraged buyout, commonly referred to as a LBO, is a buyout that uses debt financing to fund a portion of the purchase price of the targeted business.
- Venture capital refers to private equity capital typically provided to early-stage, high-potential growth companies.
- A multi-style investment strategy refers to fund managers that make investments in companies in various stages of development. A multi-style manager may make investments in start-up enterprises, later-stage venture companies and established businesses – all within the same fund. These investments may involve control positions or may be minority, passive positions.

By investing in a portfolio of private equity funds, the Company is exposed to numerous underlying investments in individual companies, ranging from start-up ventures to large, multi-national enterprises. The Managers will endeavour to purchase private equity fund interests in the secondary market and allocate the Company's assets to new private equity fund interests in order to ensure that the Private Equity Portfolio contains investments that will be made and exited in different economic cycles.

The portion of the Company's Total Assets that is not otherwise invested in the Private Equity Portfolio is allocated to enhanced cash investments. The Managers will continue to endeavour to build an overall portfolio of investments that in aggregate balances characteristics for potentially above average returns with manageable levels of volatility. Investments will continue to be made in a wide variety of investment

types and vehicles at the Managers' discretion including, but not limited to, funds of hedge funds and hedge funds, fixed income instruments, short dated government bonds, money market instruments, bank deposits, bank loans and other financial instruments.

The Company will not, other than the Economic Transfer Agreement, enter into derivative transactions (such as options, futures and contracts for difference) other than for the purposes of efficient portfolio management.

The Company will not take any legal or management control of any underlying company or fund in the Company Portfolio.

Risk Diversification

The Managers actively monitor the Company Portfolio and attempt to mitigate risk primarily through diversification. Not more than 20 per cent. of the Company's Net Asset Value, at the time of investment, is permitted to be invested in any single investment. For the avoidance of doubt, if the Company acquires a portfolio of companies in a single transaction, this limitation shall be applied individually to each of the underlying companies purchased and not to the portfolio as a whole.

Leverage

The Company has the ability to borrow up to 20 per cent. of its Adjusted Total of Capital and Reserves subject to and in accordance with the limitations and conditions in its Articles.

As part of its leverage policy, the Company may borrow for short-term or temporary purposes as is necessary for settlement of transactions, to facilitate the operation of the over-commitment policy or to meet ongoing expenses. The Directors and the Managers will not incur any short-term borrowings to facilitate any tender or redemption of Shares unless such borrowings have a repayment period of 180 days or less. The Company is indirectly exposed to borrowings to the extent that subsidiaries and underlying funds in its portfolio are themselves leveraged.

Current Borrowings and Unfunded Obligations

The Company has entered into a revolving loan facility agreement with Lloyds TSB Bank plc dated 7 March 2011 whereby Lloyds TSB Bank plc has agreed to provide a facility for up to US\$150 million bearing interest of the applicable US\$LIBOR plus a range of 275 to 350 bps on drawn down amounts (which can be in US Dollars, Euros or Sterling) and 100 bps on undrawn amounts (the "**Facility Agreement**"). The Facility Agreement has a termination date of 31 May 2013.

As at 11 August 2011 (the latest practicable date prior to the publication of this document), the Company has cash deposits of US\$43.1 million and has drawn down €40 million with approximately US\$93.4 million in additional availability pursuant to the terms of the Facility Agreement.

The unfunded obligations of the Company with regard to firm commitments to investments amount to approximately US\$112.2 million as at 30 June 2011.

The Company's unfunded obligations will be met through existing cash resources and, if required, utilising external borrowings in accordance with the Company's borrowing policies in force from time to time.

The Company is also indirectly exposed to borrowings through the leverage of subsidiaries and underlying funds.

Investment Highlights

Immediate Exposure to a Premium Private Equity Portfolio

As at 30 June 2011, the Private Equity Portfolio consisted of 108 separate fund investments, 12 co-investments and six fund of funds. The vast majority of the Company's increase in Net Asset Value since inception is a result of capital appreciation of its fund investments purchased in the secondary market and has been supplemented by increases in the value of select co-investments and funded primary investments. Approximately 51.2 per cent. of the Company's fund investments by NAV had vintage years of 2005 or earlier. With many of these assets entering years three and four of the investment cycle, the

Managers have advised the Directors that the Company and its investors are well-positioned to benefit from a significantly reduced J-Curve from the seasoned assets in the Company Portfolio and the resulting increase in near-term cash flows.

Scarcity of Assets and Access to Top Tier Managers

The Company believes that the assets comprising the Private Equity Portfolio are rarely exchanged on the private equity secondary market and, therefore, it is unlikely that investors will be unable to construct a comparable private equity portfolio. Moreover, the Company believes that the relative high quality of the assets comprising the Private Equity Portfolio is in part the reason for their scarcity.

Historical Performance

The Managers have demonstrated an ability to construct a well-diversified portfolio of private equity assets through a mix of secondary market and funded primary investments as well as co-investments. In its accounting year ended 30 June 2011, the Company continued to produce positive performance, generating a 4.7 per cent. annual return as based on the improvement in the unaudited NAV per US\$ Equity Share. In its fifth financial year ended 30 June 2010, the Company generated a negative 4.5 per cent. annual return. In its fourth financial year ended 30 June 2009, the Company generated a negative 27.6 per cent. annual return. In its third financial year ended 30 June 2008, the Company generated a 15.6 per cent. annual return. In its second financial year ended 30 June 2007, the Company generated a 34.5 per cent. annual return and in its inaugural financial period ended 30 June 2006, the Company generated a 16.7 per cent. annual return.

Quarterly NAV and Share Performance



Source: management accounts (unaudited)

Focus on Secondary Value Investing

While the Company's historical returns may not be repeatable in current markets, the Managers remain confident that the Company is well-positioned in the current market environment. The Company continues to emphasise value-oriented investing, targeting transactions with existing assets that are purchased at compelling valuations. The Company has focused primarily on allocating capital to buyout funds with lower middle market investment strategies where purchase values and the use of leverage tend to be more moderate and whose returns are predicated more on operational improvements and less on debt market liquidity. In addition, the Company has allocated capital to the distressed and turnaround market as well as the mezzanine tranche of the capital structure, which the Company believes will benefit from continued tightness at the senior lending levels in the coming months.

Increased Attractive Deal Flow

The Company believes that the Company's secondary market investment strategy will benefit from an increase in stressed and distressed private equity sellers created by current global economic conditions. As investors search for liquidity solutions in a relatively inefficient secondary market, the Company believes that it is best served to increase its capital base in order to capitalise on such opportunities. The Managers have already noted a meaningful increase in deal flow throughout 2010 and 2011.

Experienced Management Team

The Managers, complemented by the resources of their parent company, JPMorgan, have a long history in private equity investing. As at 31 December 2010 BSAM Inc., combined with J.P. Morgan Asset Management, managed approximately US\$22.4 billion of private equity assets. M. Troy Duncan and Gregory S. Getschow are primarily responsible for the management of the Company Portfolio on behalf of the Managers. Mr. Duncan and Mr. Getschow have worked together since 2001 in addition to having backgrounds in company management, structured finance, law and operations. Moreover, Mr. Duncan and Mr. Getschow have been investment managers of the Company since inception and have since established a track record of more than five years.

Global Presence

Since inception, the Company has been able to benefit from the resources of the Managers' affiliates, now including their parent company JPMorgan. The Managers aim to leverage their relationship with affiliates of their parent company as well as with a number of other regional partners located in the US, Europe, Asia and Australia, in order to assist the Company to source attractive deals, conduct detailed due diligence on its prospective investments and achieve strong global diversification. JPMorgan is a leading global financial services firm with assets of US\$2.2 trillion and clients in more than 100 countries as at June 2011. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands.

Alignment of Interests

Since inception, an affiliate of the BSAM Inc. has had significant monetary exposure to the Company through its ownership of 12,571,429 US\$ Equity Shares, thereby further aligning the interests of the BSAM Inc., the Company and its investors.

Cautionary Note Regarding Historical Fund Performance

The Company's historical results and Share price history may not be indicative of the future results. In particular, the future results of the Company Portfolio may differ significantly from its historical results for the following reasons:

- the rates of returns of the funds included in the Company Portfolio reflect unrealised gains as of the applicable valuation date that may never be realised, which may adversely affect the ultimate value realised from those investments;
- future performance of the Company Portfolio will be affected by macroeconomic factors, including negative factors arising from recent disruptions in the global financial markets that were not prevalent in the periods relevant to the return data above;
- the funds included in the Company Portfolio's have benefited from investment opportunities and general market conditions that may not repeat themselves, including favourable borrowing conditions in the debt markets that have since deteriorated significantly, thereby increasing both the cost and difficulty of financing transactions, and there can be no assurance that the Company's current or future investments will be able to avail themselves of comparable investment opportunities or market conditions or that such market conditions will continue; and

- the rates of return reflect the Company's historical cost structure, which may vary in the future due to factors that are beyond the Company's control, including changes in applicable laws.

Performance

Net Asset Value

- Based on an unaudited NAV per 2013 ZDP Share of £0.63 as at 30 June 2011, the NAV per 2013 ZDP Share has increased by 7.3 per cent. and 52.8 per cent. on an annualised and on a cumulative basis, respectively, since the Company's initial public offering completed on 30 June 2005 (*source: management accounts, unaudited*).
- Based on an unaudited NAV per 2015 ZDP Share of £0.60 as at 30 June 2011, the NAV per 2015 ZDP Share has increased by 8.6 per cent. and 23.3 per cent. on an annualised and on a cumulative basis, respectively, since the issue of the 2015 ZDP Shares on 19 December 2008 (*Source: management accounts, unaudited*).
- Based on the unaudited NAV per US\$ Equity Share of US\$1.34 as at 30 June 2011, the Company has increased the NAV per US\$ Equity Share by 4.7 per cent. and 31.4 per cent. on an annualised and on a cumulative basis, respectively, since the Company's initial public offering completed on 30 June 2005 (*source: management accounts, unaudited*).
- In its accounting year ended 30 June 2011, the Company continued to produce positive performance, generating a 4.7 per cent. annual return over the prior 12 months as based on the improvement in the NAV per US\$ Equity Share. In its inaugural financial period ended 30 June 2006, the Company generated a 16.7 per cent. annual return, in its second financial year ended 30 June 2007, the Company generated a 34.5 per cent. annual return, in its third financial year ended 30 June 2008, the Company generated a 15.6 per cent. annual return and in its fourth financial year ended 30 June 2009, the Company generated a negative 27.6 per cent. annual return. In its fifth financial year ended 30 June 2010, the Company generated a negative 4.5 per cent. annual return.
- The Company's performance to date has primarily been driven by appreciation in value of the Company's investments through secondary market purchases of private equity limited partnership interests. While the Company's historical returns may not be repeatable in current markets, the Company believes that its performance will continue to be driven by such purchases on a going forward basis.

Share Price

- As at 30 June 2011, the Company's US\$ Equity Share price has increased, in aggregate, by 1.5 per cent. since 30 June 2005, outperforming the LPX® Composite Index which had decreased 28.4 per cent. during the same period (*source: Managers and Listed Private Equity Index (www.lpx.ch)*).
- Due in part to the recent market volatility, the Company's US\$ Equity Share price has declined by 17.1 per cent. in the period from 30 June 2011 to 11 August 2011 (the latest practicable date prior to the publication of this document). In the same period, the LPX® Composite Index has decreased by 17.7 per cent. The Company's 2013 ZDP Share price has increased by 0.9 per cent. in the same period.
- As at 11 August 2011, the Company's 2013 ZDP Share price and 2015 ZDP Share price have risen, in aggregate, by 57.6 per cent. and 33.1 per cent. since 30 June 2005 and 19 December 2008, respectively.

The Company Portfolio (Unaudited Analysis)

The investment objective of the Company is to achieve both short and long-term capital appreciation by investing in a well-diversified portfolio of private equity fund interests and by capitalising on the inefficiencies of the secondary private equity market. The Company primarily pursues the following strategies to enhance Shareholder value and to meet such investment objectives:

- acquire secondary market portfolios of direct investments, significantly invested partnership interests, and partially drawn commitments, in order to accelerate Net Asset Value development;
- obtain exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation;
- opportunistically invest in buyout, venture capital, special situation and other fund investments throughout the world based on attractive transaction values, advantageous market conditions and compelling risk-adjusted return potential;
- diversify its portfolio by manager, industry, geography, investment stage, and vintage year; and
- actively manage the Company Portfolio by repositioning its investment composition from time to time in order to capitalise on changes in private equity market conditions.

As at 30 June 2011, the Private Equity Portfolio consisted of 108 separate fund investments, 12 co-investments and six fund of funds with an aggregate value of US\$647.4 million.

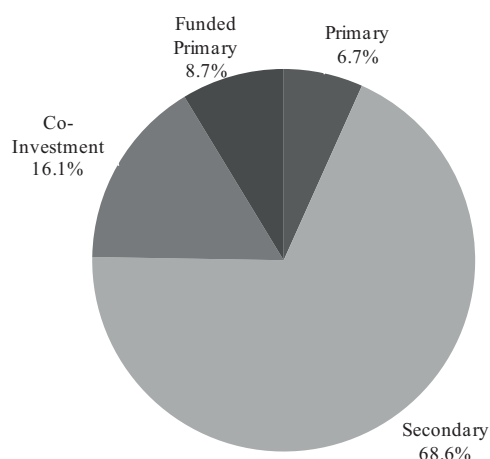
The Company's initial investment focus was on building a core secondary portfolio, which the Company has supplemented with co-investment opportunities and funded primary interests. The vast majority of the Company's Net Asset Value is a result of fund investments purchased in the secondary market, co-investments, primary fund investments and cash on hand.

Investment Type

To limit the effect of the private equity J-Curve, the Company seeks out secondary investments that are partially or significantly funded. Funded investments tend to produce distributions more quickly and result in increased NAV growth and increasing cash returned to private equity investors early in the life of the investment.

As at 30 June 2011, 68.6 per cent., or approximately US\$444.0 million, of the Private Equity Portfolio was made via secondary transactions. These investments ranged from traditional leveraged buyout funds to venture capital portfolio purchases. Both traditional and secondary market co-investments accounted for a combined 16.1 per cent. of the Private Equity Portfolio, while 'funded primary' and pure primary fund investments accounted for 8.7 per cent. and 6.7 per cent., respectively.

**Diversification by Investment Type
(as at 30 June 2011)**



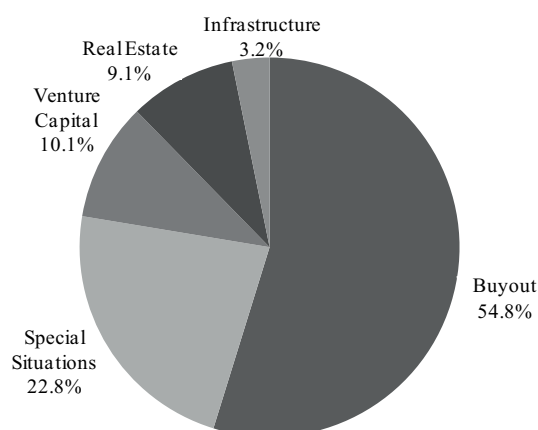
Since 30 June 2011, the Company has completed the Gulf Acquisition, which is expected to increase the Company's allocation to co-investments by approximately 1 per cent.

Save for the Gulf Acquisition described in the paragraph above, since 30 June 2011, insofar as the Directors are aware, there has been no material change to the above summary of the Company's Private Equity Portfolio by investment type.

Investment Strategy

As at 30 June 2011, approximately 54.8 per cent. of the Private Equity Portfolio, acquired over the period from April 2005 through to the present, is invested in buyout and buyout-related strategies. Special situations comprised 22.8 per cent. of the Private Equity Portfolio while 10.1 per cent., 9.1 per cent. and 3.2 per cent. was allocated to venture capital, real estate and infrastructure investments, respectively. The Managers monitor and adjust their investment strategy based on a combination of market indicators and current deal flow, but will continue to focus on buyout and special situations.

**Diversification by Investment Strategy
(as at 30 June 2011)**



Since 30 June 2011, the Company has completed the Gulf Acquisition, which is expected to increase the Company's allocation to buy-out funds by approximately 1 per cent.

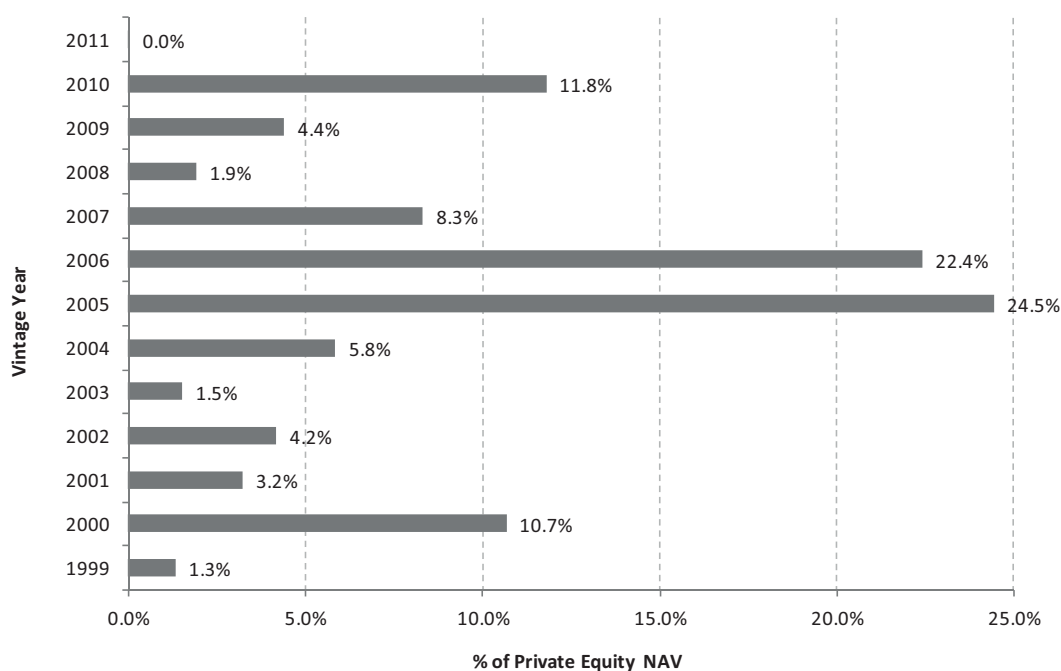
Save for the Gulf Acquisition described in the paragraph above, since 30 June 2011, insofar as the Directors are aware, there has been no material change to the above summary of the Company's Private Equity Portfolio by investment strategy.

Vintage Year

The Managers also consider diversification and exposure to private equity funds by vintage year when allocating capital and purchasing secondary portfolios. Approximately 51.2 per cent. of the Company's fund investments by NAV had vintage years of 2005 or earlier.

With many of these assets entering years three and four of the investment cycle, the Company believes that it is well positioned to benefit from a significantly reduced J-Curve and increased near-term cash flows.

Diversification by Vintage Year (as at 30 June 2011)



Since 30 June 2011, the Company has completed the Gulf Acquisition, which is expected to increase the Company's allocation to 2007 vintage year by approximately 1 per cent.

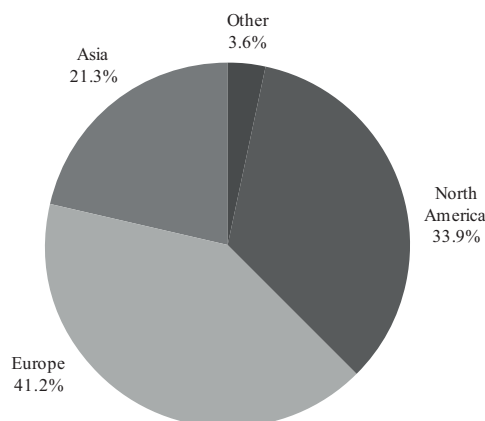
Save for the Gulf Acquisition described in the paragraph above, since 30 June 2011, insofar as the Directors are aware, there has been no material change to the above summary of the Company's Private Equity Portfolio by vintage year.

Geography

Europe is currently the largest geographic region in which the Company invests, representing 41.2 per cent. of the Private Equity Portfolio as at 30 June 2011 with such investments well diversified throughout the continent. North America represented 33.9 per cent. of the Private Equity Portfolio as of 30 June 2011.

The Company believes there are additional opportunities in Asia, and made several investments into the region in the past four years. Investments in Asia grew from 4.5 per cent. of the Private Equity Portfolio as at the fiscal year ending 30 June 2007 to 21.3 per cent. of the Private Equity Portfolio as at 30 June 2011.

Diversification by Geography (as at 30 June 2011)



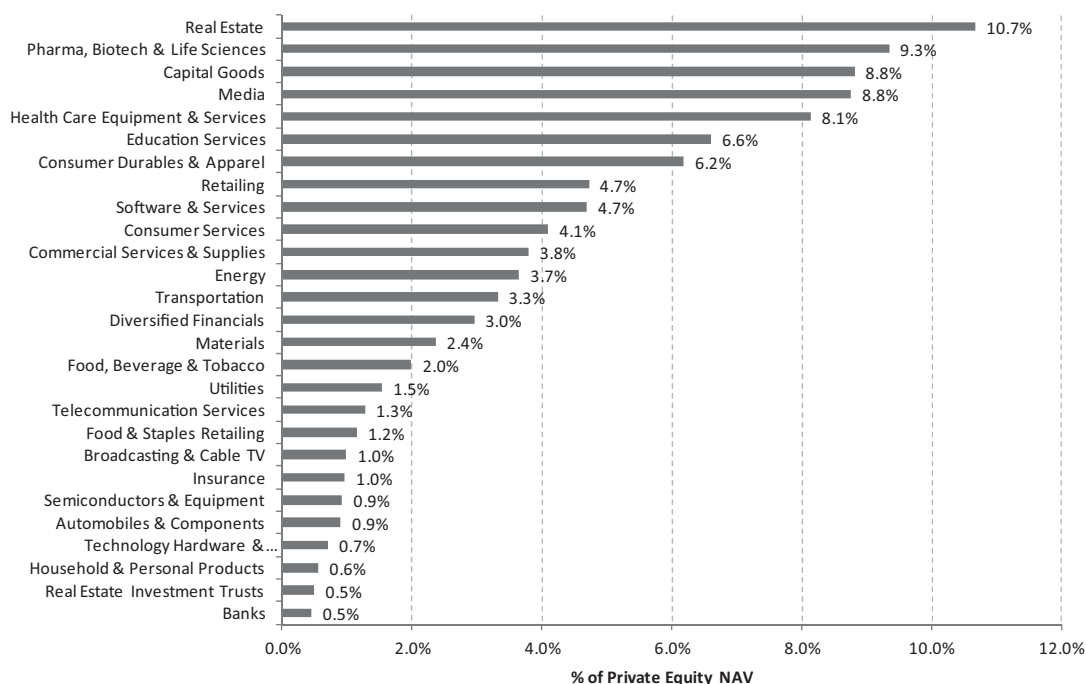
Since 30 June 2011, the Company has completed the Gulf Acquisition, which is expected to increase the Company's allocation to other geographic regions by approximately 1 per cent.

Save for the Gulf Acquisition described in the paragraph above, since 30 June 2011, insofar as the Directors are aware, there has been no material change to the above summary of the Company's Private Equity Portfolio by geography.

Industry Classification

The Managers seek to gain exposure to multiple industries in order to minimise its exposure to certain sector downturns, while at the same time maintaining exposure to favourable economic conditions in specific industries. The Company was well diversified at 30 June 2011, with no industry group representing more than 10.7 per cent. of the Private Equity Portfolio. Real estate, Pharmaceuticals, Biotech & Life Sciences and Capital Goods represent the top three industry groups by investment concentration.

Diversification by Industry (as at 30 June 2011)



Since 30 June 2011, the Company has completed the Gulf Acquisition, which is expected to increase the Company's allocation to the health care equipment and services industry by approximately 1 per cent.

Save for the Gulf Acquisition described in the paragraph above, since 30 June 2011, insofar as the Directors are aware, there has been no material change to the above summary of the Company's Private Equity Portfolio by industry classification.

Public Markets

The Company's exposure to the public markets is primarily derived from indirect investments and co-investments in private companies that are subsequently taken public as a means of exiting the investments. If the general partner of the underlying sponsor fund retains its ownership in the company after the initial public offering, the Company's public market exposure reflects such investments. The Managers closely monitors the Company's exposure to public companies from both a risk management and valuation standpoint.

Currency

The following table shows the composition of the Company's NAV as at 30 June 2011, by currency:

<i>Currency</i>	<i>Per cent. of Net Asset Value</i>
US Dollar (USD)	51.8%
Euro (EUR)	35.8%
Pound Sterling (GBP)	3.4%
Australian Dollar (AUD)	9.0%

(Source: management accounts, unaudited)

The Company believes that analysing currency exposure relative to Net Asset Value is more significant than when viewed relative to the Private Equity Portfolio in order to account for the outstanding cash balance. The Company notes that the liabilities of the Issued ZDP Shares should also be considered.

Since 30 June 2011, the Company has completed the Gulf Acquisition, which is expected to increase the Company's allocation to the United Arab Emirates Dirham (AED) by approximately 1 per cent.

Save for the Gulf Acquisition described in the paragraph above, since 30 June 2011, insofar as the Directors are aware, there has been no material change to the above summary of the Company's Private Equity Portfolio by currency.

Hedging practices may be carried out at any point in time to reduce the risk, as far as possible, of currency fluctuations and the volatility of returns which may result from such currency exposure. This may involve the use of forward foreign exchange contracts as well as options. Currency hedging transactions will only be undertaken in order to mitigate exchange rate exposure and not for speculative purposes. The Company currently has currency hedges in place to partially mitigate fluctuations in its foreign exchange exposure. The currency exposure analysis above does not factor in current or future hedging strategies.

Investments

As at 30 June 2011, the top 30 fund investments of the Company are set out below:

<i>Investment</i>	<i>Directors' Value US\$</i>	<i>% of Private Equity Portfolio</i>
Avista Capital Partners (Offshore), L.P.	24,434,021	3.8%
Liberty Partners II, L.P.	21,745,174	3.4%
Life Sciences Holdings SPV I Fund, LP	21,026,798	3.2%
Alcentra Euro Mezzanine No1 Fund LP	17,973,558	2.8%
Milestone Link Fund, L.P.	17,441,497	2.7%
Hutton Collins Capital Partners II LP	15,682,123	2.4%
Almack Mezzanine I Fund LP	13,205,070	2.0%
GSC European Mezzanine Fund II LP	12,493,167	1.9%
Esprit Capital I Fund	11,897,265	1.8%
Omega Fund III, L.P.	11,821,040	1.8%

<i>Investment</i>	<i>Directors' Value US\$</i>	<i>% of Private Equity Portfolio</i>
Macquarie Alternative Investment Trust II	11,707,647	1.8%
Macquarie Wholesale Co-investment Fund	11,250,626	1.7%
Strategic Value Global Opportunities Fund, LP – GTF	10,226,646	1.6%
Argan Capital Fund	10,223,944	1.6%
Global Opportunistic Fund	10,167,883	1.6%
Catalyst Buyout Fund I	10,128,124	1.6%
Beacon India Private Equity Fund	10,031,645	1.5%
Guggenheim Aviation Offshore Investment Fund II, L.P.	9,732,022	1.5%
Leeds Equity Partners IV, LP	9,727,809	1.5%
Blue River Capital I, LLC	9,574,000	1.5%
Macquarie European Infrastructure Fund	8,605,748	1.3%
Macquarie Alternative Investment Trust III	8,260,325	1.3%
Strategic Value Global Opportunities Feeder Fund I-A, LP	7,512,974	1.2%
AIG MezzVest II LP	7,414,868	1.1%
10th Lane Finance Co., LLC	7,037,165	1.1%
Global Buyout Fund, L.P.	6,655,352	1.0%
Private Equity Access Fund II Ltd	6,650,101	1.0%
Aksia Capital III	6,548,829	1.0%
Macquarie Alternative Investment Trust I	6,396,196	1.0%
Industry Ventures Fund IV, L.P.	6,013,255	0.9%
Total Top 30 Fund Investments	341,584,874	52.8%

As at 30 June 2011, the top 50 company investments of the Company are set out below:

<i>Investment</i>	<i>Directors' Value US\$</i>	<i>% of Private Equity Portfolio</i>
Deutsche Annington Immobilien Group	49,358,984	7.6%
China Media Enterprises Limited	45,186,988	7.0%
RCR Industrial S.a.r.l.	17,749,083	2.7%
Education Management Corporation	17,438,168	2.7%
FibroGen Europe	15,499,100	2.4%
Concorde Career Colleges, Inc.	14,135,317	2.2%
Paratek	12,374,449	1.9%
WinnCare	11,960,786	1.8%
InterFloor	8,940,857	1.4%
Rebel Group (Amart All Sports)	7,841,798	1.2%
Evergreen International Aviation, Inc.	6,613,729	1.0%
Back Bay	5,860,527	0.9%
Nycomed	5,637,648	0.9%
Step 2 Holdings LLC	4,556,571	0.7%
Everis Spain	4,545,223	0.7%
Ex Libris Group	4,535,923	0.7%
Healthcare at Home	4,390,915	0.7%
KMC Constructions	4,280,714	0.7%
Lantheus	4,193,376	0.6%
Lifehealthcare	4,099,606	0.6%
Pacific Apparel Solutions	4,003,133	0.6%
Global TV	3,877,699	0.6%
Quartier 207	3,843,586	0.6%
Peregrine Semiconductor Corporation	3,780,858	0.6%
Humana	3,738,616	0.6%
Aperio Group	3,494,459	0.5%
CPC Rocket Dog	3,482,763	0.5%
Gambro Healthcare	3,402,705	0.5%

<i>Investment</i>	<i>Directors' Value US\$</i>	<i>% of Private Equity Portfolio</i>
EDC Holding Company LLC	3,314,115	0.5%
Moraitis	3,206,863	0.5%
IWP International Plc	3,044,511	0.5%
NICI GmbH	3,009,203	0.5%
United Road Services, Inc.	2,856,180	0.4%
Ezibuy	2,821,490	0.4%
Compre Group	2,773,730	0.4%
Super A-mart	2,736,217	0.4%
EMBL Tech Fund	2,697,009	0.4%
Imagine	2,688,087	0.4%
Zena	2,665,275	0.4%
PSN	2,658,951	0.4%
Robuschi S.p.A.	2,542,092	0.4%
A2Z Maintenance & Engineering Services Pvt. Ltd	2,497,413	0.4%
Autoroutes Paris-Rhin-Rhone	2,333,068	0.4%
Hortex Holding S.A.	2,242,009	0.3%
EduK	2,145,108	0.3%
Cross Media Networks, Inc.	2,117,000	0.3%
Aurangabad Electrical Limited	2,106,914	0.3%
Navilyst	2,072,321	0.3%
WideOpenWest (WOW!)	2,054,740	0.3%
Independent Liquor	2,000,145	0.3%
Total Top 50 Companies	335,406,024	51.8%

Since 30 June 2011, the Company has completed the Gulf Acquisition, which is expected to alter the above composition of top 50 companies.

Save for the Gulf Acquisition described in the paragraph above, insofar as the Directors are aware, since 30 June 2011, there has been no material change to the market value or diversification of the Private Equity Portfolio as outlined above.

Pro Forma Company Portfolio (Unaudited Analysis) immediately following the Acquisition and Admission

The Acquisition is subject to a number of conditions as further detailed below. In the event that any of these conditions are not satisfied or (to the extent it is permissible to do so) waived, Admission will not occur and the Placing Shares will not be allotted.

The Transfer Portfolio consists of 38 underlying direct co-investments with exposure to the UK (55.2 per cent.), France (19.7 per cent.), Germany (16.8 per cent.), Italy (4.0 per cent.) and Switzerland (4.3 per cent.). Assuming the completion of Acquisition, the Company's pro forma allocation by geography at 30 June 2011 will be North America at 29.7 per cent., Europe at 48.6 per cent., Asia at 18.6 per cent. and Other regions at 3.1 per cent. Assuming the completion of Acquisition, the Company's pro forma allocation by investment strategy at 30 June 2011 will be Small Buyout at 38.3 per cent., Medium Buyout at 16.4 per cent., Large Buyout at 3.1 per cent., Mega Buyout at 2.7 per cent., Special Situations at 19.9 per cent., Venture Capital at 8.8 per cent., Real Estate at 8.0 per cent. and Infrastructure at 2.8 per cent.

By way of illustration the Company Portfolio will be represented immediately following Admission approximately as to 97.4 per cent. by private equity investments. The remainder of the Company Portfolio will be represented by a wide variety of investment types and vehicles selected at the Managers' discretion.

Private Equity Market Outlook

Global private equity market

The impact of recent turmoil in the public markets on private equity markets has not yet been determined. Increased public market volatility threatens to negatively affect private equity valuations, exits and fundraising efforts however may create more opportunity in the secondary market as sellers seek liquidity.

Since the bleak days of 2008 and 2009, the global private equity industry has witnessed a dramatic turnaround in fund valuations and deal activity. Improvements in the greater economy have driven rebounds in public market comparables and growth in underlying portfolio companies which have resulted in increases in private equity net asset values. In the one year from March 2009 to March 2010, private equity funds reported a 19.2 per cent. increase in net asset value and values have continued to climb since then.

Disruption in the capital markets from 2008 to 2010 significantly hindered the ability for private equity managers to profitably exit their investments. As a result, managers retained mature investments past their expected lifecycle. Since the second half of 2010, private equity funds have been taking advantage of more favourable capital markets to clear the backlog of investments ready for exit. In particular, Q4 was a very strong quarter with US\$79 billion of private equity backed exits, the highest quarter of all time. Exits in the first quarter of 2011 were slightly lower, but still demonstrate significant improvements since the low in Q1 2009.

While increasing net asset values and exits bode well for the private equity industry, the fundraising environment still remains challenging. In 2010 private equity fundraising levels hit a six year low with US\$200 billion raised globally. The absence of distributions over the past three years has been one of the main causes of the challenging fundraising environment since without returning capital to their limited partners, many private equity investors have not had fresh capital to commit to new funds. As exits increase, it is anticipated that the fundraising environment will improve.

Another challenge to the private equity industry is the current over hang of unfunded commitments. Funds raised just before the global credit crisis still have significant unused capital as they approach the end of their investment period. Preqin estimates that private equity managers have US\$412 billion in unused capital available for investment across the globe. Large amounts of dry powder, rebounds in the public stock market and access to cheap debt have resulted in relatively high purchase multiples. According to S&P LCD report, EBITDA purchase multiples in the United States initially fell in 2009, but have since crept up to levels seen in 2005 and 2006. For 2010, the average buyout purchase multiple was 8.5x pro forma trailing EBITDA versus an average multiple of 7.7x in 2009.

Secondary private equity market

The secondary market has undergone a transformation in the past few years. In 2008 and 2009 many private equity professionals speculated that a large number of limited partners would seek to reduce their allocation to the asset class due to the market dislocations experienced in 2008. During the 2009 calendar year, 20 secondary vehicles raised a total of US\$22.9 billion, dwarfing the sector's previous high of US\$13.9 billion in 2007. Yet, the expected secondary deal flow failed to materialise due to a significant pricing gap between buyers and sellers.

During the second half of 2010, according to Cogent Partners, a sell-side financial advisor, the average high bid for buyout funds, increased to 89.8 per cent. of NAV, up from 86.4 per cent. during the first half 2010 and significantly up from 68.9 per cent. of NAV in the second half of 2009. As the pricing gap narrowed, secondary deal volume has increased sharply. In 2011 secondary deal volume is expected to hit a record of US\$25 billion or more, as the number of active participants grows. Much of this volume can be attributed to changes in the current regulatory environment. Schemes such as Basel III, Solvency II and the Volcker Rule have made it increasingly difficult for institutions to hold private instruments. As result, there is a mass migration out of illiquid investments. In today's post-credit crisis world, the Managers believe that there is an opportunity to capitalise on broken investment structures and on smaller, distressed sellers that are now seeking liquidity.

Summary

Although the recent economic cycle has been challenging, the Company's approach to investing has enabled the Company to capitalise on unique opportunities in the secondary market. While the Company operates in the greater context of the traditional secondary market, the Company's investment strategy focuses on smaller and more complex secondary investments where it has been able to find attractively priced transactions at meaningful discounts to intrinsic value. The Company is currently witnessing robust deal flow in the US, Europe and Asia. In the US and Europe, investment opportunities tend to stem from regulatory changes or broken shareholder bases and in Asia the Company is focused on growth equity investments.

Investment Process

Investment Sourcing

The Managers' investment process begins with a unique strategy for sourcing investment opportunities. The Managers have longstanding, established relationships with European, North American and Asian financial institutions and intermediaries that help secure proprietary deal flow from owners of private equity assets that are seeking to sell for a variety of reasons. In addition, unlike many other secondary funds, the Managers source potential secondary opportunities with the assistance of the underlying fund managers themselves in connection with new primary commitments the Company is making to those fund managers. The Company does not intend to invest in funds of hedge funds (or similar investment vehicles), a portfolio of hedge funds or other investments or financial products which are managed, advised or provided by the Managers or their affiliates.

Investment Analysis

The Managers use a disciplined bottom-up valuation approach when analysing fund interests with existing underlying companies or when considering direct investments. This analysis includes the financial and operating condition of each underlying company investment, its competitive advantage and prospects, the strength of its management team and its potential exit options, as well as market comparables, timing of potential exits and other factors that could affect the value of the underlying company or the Company's return on investment. Members of the investment team of the Managers bring their extensive experience in corporate finance, capital markets and investment banking to assist in this undertaking.

Risk Management

The Managers review each potential opportunity in the context of the existing Company Portfolio investments to ensure that the Company Portfolio remains diversified across fund managers, investment type, industry sectors, geographic focus and investment styles. The Managers also analyse exposure to underlying individual portfolio companies in order to minimise individual company concentration.

Execution

The Managers also rely on the legal, tax, accounting and regulatory experience of its investment team to structure unconventional purchase and sale arrangements that are designed to solve the unique issues faced by various types of sellers of private equity interests. The Company believes that this flexible approach enables it to gain a competitive advantage in the secondary market.

Ongoing Active Portfolio Management

The Managers actively manage the Company Portfolio by meeting with private equity fund managers to review prospects for underlying fund investments, and in some cases suggest ways that fund managers can exit portfolio companies using the Managers' wide network of contacts.

Over-commitment strategy

Private equity funds are typically structured as limited partnerships in which limited partners commit to fund a defined level of capital over a period of time. As and when commitments are honoured over a period of time, the return flow of cash from distributions by the funds typically results in net cash invested at any one time being less than total commitments. This allows Shareholders with a portfolio of fund investments to follow an over-commitment strategy whereby fund commitments may exceed the expected cash available for investment. In order for the Company to maximise the percentage of total assets invested in private equity investments in the Company Portfolio at any given period of time, the Managers follow

an over-commitment strategy. In planning the Company's commitments, the Managers will take into account expected cash flows to and from the private equity funds in the Company Portfolio. In no event will the Company's total exposure to private equity exceed 130 per cent. of the current Total Assets of the Company (as determined by the Directors and the Managers at the time of acquisition or commitment).

The Managers

The Company is managed by BSAM Inc. and JPMAM Ltd. J.P. Morgan Asset Management is the marketing name for the investment management subsidiaries of JPMorgan (NYSE: JPM). BSAM Inc. is a subsidiary of The Bear Stearns Companies LLC, which is in turn a subsidiary of JPMorgan.

BSAM Inc. is a registered investment adviser pursuant to the Investment Advisors Act of 1940 and, combined with J.P. Morgan Asset Management, managed approximately US\$22.4 billion in private equity assets on behalf of leading global institutional investors and numerous private banking clients as at 31 December 2010.

The Company's activities, including the determination of the Company's investment policy, are overseen by a Board of Directors who are, as required by the Listing Rules of the FSA, independent of the Managers, but are not involved in the day-to-day management of the Company. The Company has, however, entered into the Management Agreement with the Managers to manage the assets of the Company on a discretionary basis, subject to the overall supervision of the Board.

BSAM Inc. and JPMAM Ltd are wholly-owned subsidiaries of JPMorgan, a publicly listed company on the New York Stock Exchange. The Managers will also draw on the resources of JPMorgan which, through its subsidiaries and affiliates, has approximately US\$2.2 trillion in assets and clients in more than 100 countries as at June 2011.

JPMorgan Asset Management (UK) Limited is an investment manager authorised and regulated in the United Kingdom by the Financial Services Authority.

Transactions with JPMorgan group companies and clients of JPMorgan group companies

To the extent permitted by, and in accordance with, applicable law (including, without limitation, the US Investment Advisers Act), the Company may purchase assets from, sell assets to, borrow funds from or otherwise deal with JPMorgan, its affiliates and clients of JPMorgan and their affiliates whether such person is acting on its own behalf or on behalf of any other person; provided that any such dealing shall be on terms no less favourable to the Company than would be obtained on an arm's-length basis and in good faith. Where required by the Listing Rules, the Company will seek Shareholder consent as a condition to any such transaction.

Directors

The Directors of the Company, all of whom are non-executive, are listed below.

Trevor C. Ash (Chairman) (independent), aged 65 spent 27 years with the Rothschild Group, retiring in May 1999 as Managing Director of the Guernsey-based Rothschild Asset Management (C.I.) Limited and non executive Director of Rothschild Asset Management Limited in London. He also recently retired as a Non-Executive Director of N M Rothschild and Sons (C.I.) Limited, the banking arm of the Rothschild Group in the Channel Islands. In retirement Mr Ash has retained a number of Directorships of the Rothschild Group and joined the Boards of a number of offshore funds managed by groups including Merrill Lynch, Thames River Capital, Dexion Capital Management and ING. Mr Ash is a Fellow of the Securities Institute of England and Wales.

Gregory S. Getschow aged 47 is a Managing Director of J.P. Morgan Asset Management and a portfolio manager for the Company. Mr. Getschow has been on the Company's investment committee since its inception on 30 June 2005. Prior to joining J.P. Morgan Asset Management, Mr. Getschow was a Senior Managing Director of BSAM Inc. Prior to joining BSAM Inc., Mr. Getschow was a co-founder of BDC Financial, Inc. Mr Getschow began his career practicing law at Bingham Dana LLP and Sullivan & Worcester LLP. Mr. Getschow received a JD from Villanova Law School, where he was a member of the Law Review, and an AB from Colby College.

John Loudon, (independent) aged 75 has been Chairman of Caneminster Ltd., a British investment company, since June 1988. Mr. Loudon serves as a director of GEMS Oriental & General Fund II Limited and GEMS Oriental & General Fund III Limited. Previously, Mr. Loudon was a Managing Director of N.M. Rothschild & Sons from 1970 to 1988 and the Chairman of Warrier International Limited from 1988 to 1991. Mr. Loudon also served as a director of Exel Group plc from 1992 to 2004, XL Capital Ltd from 1992 to 2005 and Derby Trust plc from 1989 to 2003. Mr. Loudon is a resident of the UK.

Christopher Spencer, (independent) aged 61 qualified as a chartered accountant in London in 1975. Following two years in Bermuda he moved to Guernsey. Mr. Spencer, who specialised in audit and fiduciary work, was Managing Partner/Director of Pannell Kerr Forster (Guernsey) Limited from 1990 until his retirement in May 2000. Mr. Spencer sits on the AIC Offshore Committee and is a past President of the Guernsey Society of Chartered and Certified Accountants, and a past Chairman of the Guernsey Branch of the Institute of Directors. Mr. Spencer sits on the Board of Directors of Real Estate Credit Investments PCC Limited, IRP Property Investments Limited, Tamar European Industrial Fund Limited, Dexion Trading Limited, Ruffer Investment Company Limited and Low Carbon Accelerator Limited, each of which is listed on the London Stock Exchange. Mr. Spencer also sits on the Board of Directors of Thames River Longstore Limited, Thames River ISIS Fund Limited, each of which is listed on the Irish Stock Exchange and Thames River Property & Growth Fund Limited which is listed on the Channel Island Stock Exchange. Mr. Spencer is a resident of Guernsey.

Managers

The following members of the Managers will be primarily responsible for the management of the Company Portfolio:

Gregory S. Getschow, whose details are set out above.

M. Troy Duncan, aged 43 is a Managing Director of J.P. Morgan Asset Management and a portfolio manager for the Company. Prior to joining J.P. Morgan Asset Management, Mr. Duncan was Senior Managing Director of BSAM Inc. Mr. Duncan has been on the Company's investment committee since its inception on 30 June 2005. Prior to joining BSAM Inc., Mr. Duncan was a Senior Vice President of BDC Financial Inc., a firm that provided customised investment management and advisory services to institutional and high-net-worth investors in private equity. Prior to BDC Financial, Mr. Duncan held senior financial and operation positions in venture-backed and middle-market companies. Mr. Duncan received a JD from Fordham University School of Law and an AB from the University of Notre Dame. Mr. Duncan is a US citizen but currently resides in the UK.

Capital structure

Introduction

As at 30 June 2011 the issued share capital of the Company consisted of 356,877,850 US\$ Equity Shares with an aggregate Net Asset Value (as at 30 June 2011) of US\$476,829,238 million (not including 11,036,914 US\$ Equity Shares held in treasury), 63,312,305 2013 ZDP Shares with an aggregate Net Asset Value (as at 30 June 2011) of £40,143,775 million (not including 2,106,519 2013 ZDP Shares held in treasury) and 68,592,306 2015 ZDP Shares with an aggregate Net Asset Value (as at 30 June 2011) of £41,228,587 million (not including 829,241 2015 ZDP Shares held in treasury) (*Source: management accounts, unaudited*). The Company has also issued 57,895,919 Warrants that may be converted on a one for one basis, into US\$ Equity Shares on the terms set out in the Warrant Instrument. As at 11 August 2011 (the latest practicable date prior to the publication of this document), the number of US\$ Equity Shares was 356,879,443. There were no changes to the number of 2013 ZDP Shares or 2015 ZDP Shares in the period from 30 June 2011 to the date of this document.

If all of the subscription rights attaching to the Warrants are exercised, the Company would issue new US\$ Equity Shares representing, in aggregate, 16.2 per cent. of the issued US\$ Equity Shares capital in the Company in issue on 11 August 2011 (the latest practicable date prior to the publication of this document).

On the assumption that 44,727,053 US\$ Equity Shares and 30,410,753 2017 ZDP Shares are issued pursuant to the Acquisition, immediately following Admission, the issued share capital of the Company will comprise 401,606,496 US\$ Equity Shares, 63,312,305 2013 ZDP Shares, 68,592,306 2015 ZDP Shares and 30,410,753 2017 ZDP Shares. This should not be taken as an indication of the actual number of Placing Shares that will be issued pursuant to the Acquisition. Applications have been made to the UK Listing Authority for the Placing Shares to be admitted to the premium segment and the standard segment (as appropriate) of the Official List and to the London Stock Exchange for such Placing Shares to be admitted to trading on the main market for listed securities.

Equity Shares

The Company's US\$ Equity Shares are quoted in, and have their Net Asset Value reported in, US Dollars. The Articles contain provisions that will allow the Company to issue, among others, Sterling Equity Shares and Euro Equity Shares. The Sterling Equity Shares and the Euro Equity Shares, if issued, will rank *pari passu* with each other and with the existing US\$ Equity Shares, the only difference being they will be quoted in, and have their Net Asset Value calculated and reported in Sterling and Euros respectively.

In addition to the provisions permitting the issue of Sterling Equity Shares and Euro Equity Shares, the Articles grant a discretion to the Directors to issue new classes of Shares quoted and calculated and reported in other currencies other than US Dollars, Sterling or Euros which have the same rights as the US\$ Equity Shares, Sterling Equity Shares and Euro Equity Shares provided that the rights attaching to such Shares do not prejudice the rights of holders of Issued ZDP Shares in accordance with the relevant provisions contained in the Articles.

The Equity Shares are designed to provide holders with geared capital growth and, as a secondary objective, the potential for income. On a winding-up, Equity Shareholders will be entitled to the net assets of the Company attributable to the relevant Equity Share class after any creditors have been paid and the accrued capital entitlement of the Issued ZDP Shares has been met. In addition, Equity Shareholders will be entitled on a winding-up to receive any undistributed revenue profits (including any accumulated revenue reserves) of the Company attributable to the relevant Equity Share class, subject to all creditors having been paid in full, even if the accrued capital entitlement of the Issued ZDP Shares will not be met in full. Distribution of revenue reserves (if any) on a winding-up is likely to be made by way of distribution immediately prior to the commencement of the winding-up.

The Board will not permit alteration of the ratio of Issued ZDP Shares to Equity Shares where such alteration will result in the Cover for the Issued ZDP Shares being below 1.3 times. The level of Cover for the 2013 ZDP Shares and the 2015 ZDP Shares was 7.8 times and 5.1 times respectively, as at the date of this document.

It is the intention of the Directors that the Company pay a twice yearly interim dividend to holders of Equity Shares, as issued from time to time, at a level the Directors deem appropriate, in their sole discretion, from time to time. Subject to the Company passing the solvency test contained in the Companies Law, dividends will be paid out of income recognised in the income statement which includes realised and unrealised capital gains. Any dividends declared will be in accordance with all applicable law and regulations. There is no fixed date on which it is expected that dividends will be paid, it being dependent on the Company's cash flow position from time to time. The Directors currently intend that dividends will be paid in cash (in the currency in which the relevant Equity Shares are denominated) but have reserved the right to offer a scrip dividend alternative from time to time.

The Company has also been established with a feature which may allow Equity Shareholders who have made the relevant election to benefit from an annual capital distribution representing a cash target of 3.0 per cent. of the Net Asset Value of the Equity Shares held by them as at the end of each financial year of the Company. The decision to make an annual capital distribution to electing Equity Shareholders will be made by the Board in its sole discretion. The Board is under no obligation to make any annual capital distribution in any particular year or from year to year. Should the Board approve an annual capital distribution, it will be achieved by way of a partial redemption of such Equity Shareholder's holding of Equity Shares and is subject to: (i) the Company having achieved revenue profits and/or net realised capital gains from its portfolio of an amount at least equal to the amount of the proposed distribution; (ii) prevailing market conditions; (iii) any legal or regulatory

constraints; (iv) the Directors determining that the Cover for the Issued ZDP Shares immediately following any such redemptions would not be below 1.3 times; and (v) the Directors exercising their sole discretion to redeem any such Equity Shares. The Company is under no obligation to redeem any Equity Shares.

If the Directors resolve that the Company pay interim dividends, the Directors intend that the Equity Share Annual Distribution facility will be suspended so that the two will not operate concurrently, but only individually.

Further details of the dividend and this feature are set out in the section headed “Dividends and the Equity Share Annual Distribution” in Part II of this document.

Equity Shares carry the right to vote at general meetings of the Company (as do Issued ZDP Shares). In addition, each class of Equity Shares in issue from time to time carries the right to vote as a class on certain proposals which would be likely to materially affect their position, including any proposed change in the Company’s investment policy.

Equity Shares have no par value. All distributions payable to the holders of Equity Shares (including on a redemption of such Shares) will be paid in the currency in which the Net Asset Value of the relevant Equity Share is calculated and reported in.

The Articles allow for the issue of further Equity Shares in the form of C Shares. The Directors will consider whether Equity Share offers by the Company in the future will be made by way of C Shares or Shares. In making such a decision, the Directors are likely to consider, *inter alia*, the likely size of any offer, the prevailing market conditions and the time which the Managers estimate will be taken to invest the proceeds of any such offer.

Issued ZDP Shares

The Issued ZDP Shares are designed to provide a predetermined 2013 Final Capital Entitlement (in the case of 2013 ZDP Shares) or 2015 Final Capital Entitlement (in the case of 2015 ZDP Shares) or 2017 Final Capital Entitlement (in the case of 2017 ZDP Shares) ranking behind the Company’s creditors (if any) but in priority to the Equity Shares. In the event that the Company is wound-up prior to the 2013 Final Capital Entitlement Date, holders of 2013 ZDP Shares will rank in priority to holders of 2015 ZDP Shares for amounts owing to them and holders of 2015 ZDP Shares will rank in priority to holders of 2017 ZDP Shares for amounts owing to them. In the event that the Company is wound-up after the 2013 Final Capital Entitlement Date but prior to the 2017 Final Capital Entitlement Date, holders of 2015 ZDP Shares will rank in priority to holders of 2017 ZDP Shares for amounts owing to them. Issued ZDP Shares carry no entitlement to income and the whole of their return, therefore, takes the form of capital. 2013 ZDP Shareholders, 2015 ZDP Shareholders and 2017 ZDP Shareholders are not entitled to receive any part of the revenue profits (including any accumulated revenue reserves) of the Company on a winding-up, even if the accrued capital entitlement of the Issued ZDP Shares will not be met in full.

2013 ZDP Shareholders had an initial capital entitlement on 30 June 2005 of 41.5 pence per 2013 ZDP Share growing to a 2013 Final Capital Entitlement of 73.0 pence on the 2013 Final Capital Entitlement Date, equivalent to a Redemption Yield of 7.0 per cent. per annum⁶ based on the placing price at that time of 42.5 pence per 2013 ZDP Share. 2015 ZDP Shareholders had an initial capital entitlement on 19 December 2008 of 48.75 pence per 2015 ZDP Share growing to a 2015 Final Capital Entitlement of 87.3 pence on the 2015 Final Capital Entitlement Date, equivalent to a Redemption Yield of 8.25 per cent. per annum⁷ based on the placing price at that time of 50.0 pence per 2015 ZDP Share. As noted in the section headed “The life of the Company” in Part II of this document, the 2013 ZDP Shares and the 2015 ZDP Shares will be redeemed on the 2013 Final Capital Entitlement Date at their 2013 Final Capital Entitlement and the 2015 Final Capital Entitlement Date at their 2015 Final

6 The Redemption Yield of a 2013 ZDP Share is not, and should not be taken as, a forecast of profits and there can be no assurance that the 2013 ZDP Shares will be repaid in full on the 2013 Final Capital Entitlement Date of 28 June 2013.

7 The Redemption Yield of a 2015 ZDP Share is not, and should not be taken as, a forecast of profits and there can be no assurance that the 2015 ZDP Shares will be repaid in full on the 2015 Final Capital Entitlement Date of 31 December 2015.

Capital Entitlement, respectively, or, if lower, at a price per Share equivalent to each 2013 ZDP Shareholder's or 2015 ZDP Shareholder's (as applicable) *pro rata* share of the surplus assets of the Company (after payment of all liabilities) excluding any part of the revenue profits of the Company (including accumulated revenue reserves).

Existing and potential investors should note that a 2013 Final Capital Entitlement amount of 73.0 pence per 2013 ZDP Share or a 2015 Final Capital Entitlement amount of 87.3 pence per 2015 ZDP Share is not a guaranteed or promised repayment amount. The Company will have no long-term structural leverage ranking for payment ahead of the 2013 ZDP Shares.

2017 ZDP Shareholders, subject to Admission occurring, will have an illustrative initial capital entitlement on 12 September 2011 of 65 pence per 2017 ZDP Share growing to a 2017 Final Capital Entitlement of 107.1 pence on the 2017 Final Capital Entitlement Date, equivalent to a Redemption Yield of 8.25 per cent. per annum⁸. As noted in the section headed "The Life of the Company", in Part II of this document, the 2017 ZDP Shares will be redeemed on the 2017 Final Capital Entitlement Date or, if lower at a price per Share equivalent to each 2017 ZDP Shareholder's *pro rata* share of the surplus assets of the Company (after payment of all liabilities) excluding any part of the revenue profits of the Company (including accumulated revenue reserves).

Existing and potential investors should note that a 2017 Final Capital Entitlement amount of 107.1 pence per 2017 ZDP Share is not a guaranteed or promised repayment amount.

The Issued ZDP Shares carry the right to vote at all general meetings of the Company, with the holders of Issued ZDP Shares and the Equity Shares each having one vote per Share held. In addition, they carry the right to vote as a class on certain proposals which would be likely to materially affect their position. Further Issued ZDP Shares (or any shares or securities which rank in priority to or *pari passu* with the Issued ZDP Shares) may be issued without the separate class approval of the 2013 ZDP Shareholders or 2015 ZDP Shareholders or 2017 ZDP Shareholders provided that the Directors determine that the Cover would not be decreased below the lower of 1.3 times or the Cover immediately preceding any such issue and the Directors consider such issue to be in the best interests of the Company and its Shareholders taken as a whole.

2013 ZDP Shares, 2015 ZDP Shares and 2017 ZDP Shares have no par value and their share price and Net Asset Value are quoted in Sterling. Distributions payable to the holders of Issued ZDP Shares on redemption of such Shares or on any other occasion will be paid in Sterling.

Warrants

A Warrantholder has the right (a "**Subscription Right**") to subscribe in cash for one US\$ Equity Share per Warrant at the relevant subscription price on any Business Day between 1 October 2009 and 30 June 2014. The subscription price shall be determined by reference to the date on which the notice to exercise the Subscription Right is received by the Company as set out below:

Date of notice exercising Subscription Right received by the Company (inclusive)

1 October 2009 to 30 June 2010	US\$1.35
1 July 2010 to 30 June 2011	US\$1.37
1 July 2011 to 30 June 2012	US\$1.39 (being a 4 per cent. premium to the NAV per US\$ Equity Share as at 30 June 2011)
1 July 2012 to 30 June 2013	US\$1.45 (being a 8 per cent. premium to the NAV per US\$ Equity Share as at 30 June 2011)
1 July 2013 to 30 June 2014	US\$1.47 (being a 10 per cent. premium to the NAV per US\$ Equity Share as at 30 June 2011)

⁸ The Redemption Yield of a 2017 ZDP Share is not, and should not be taken as, a forecast of profits and there can be no assurance that the 2017 ZDP Shares will be repaid in full on the 2017 Final Capital Entitlement Date of 31 December 2017.

In order to exercise Subscription Rights attaching to Warrants, Warrantholders are required to provide the relevant documents and/or electronic instructions and payment as specified in the Warrant Instrument on any Business Day between 1 October 2009 and 30 June 2014 (both dates inclusive).

Further details of the rights attached to the Equity Shares, the 2013 ZDP Shares and the 2015 ZDP Shares are set out in paragraph 4 of Part IX of this document and the rights attached to the 2017 ZDP Shares are set out in Part III.

Restrictions on use of capital resources

The Company's capital resources consist of the funds raised following its launch in June 2005.

The Company is not expected to incur any bank borrowings, the terms of which might restrict the use of its capital resources.

No dividend shall be paid otherwise than in accordance with the Companies Law.

Name

JPMorgan has granted the Company a non-exclusive licence to use the names "J.P. Morgan" and "JPMorgan" as long as JPMAM Ltd, BSAM Inc. or one of their respective affiliates is a Manager of the Company.

PART II

ADDITIONAL INFORMATION ON THE COMPANY

Discount control

Purchases of Shares by the Company

The Company may purchase Shares of any class in the market to address any imbalance between the supply of and demand for Shares of the relevant class in the market in order to assist in maintaining a narrow discount to Net Asset Value at which the Shares of the relevant class may be trading and, where relevant, to increase the Net Asset Value per Share.

The Company has authority to make market purchases of Equity Shares, 2013 ZDP Shares and 2015 ZDP Shares and renewal of this authority will be sought from Shareholders at the 2012 annual general meeting of the Company, and each subsequent annual general meeting, or earlier in a general meeting if the Directors so resolve. The Company currently has no authority to make market purchases of 2017 ZDP Shares. Authority for such purchases will be sought at the Company's annual general meeting expected to be held in 2012 or at an earlier extraordinary general meeting of the Company if such a meeting is convened. Purchases of any Shares will be made within guidelines established from time to time by the Board. The timing of any purchases will be decided by the Board in the light of prevailing market conditions.

Purchases of Equity Shares will only be made through the market for cash at prices below their prevailing Net Asset Value per Equity Share and where, immediately following any such purchases, the Cover for the Issued ZDP Shares would not be below 1.3 times. Such purchases of Equity Shares will only be made in accordance with the terms of the authority granted to the Company by the Shareholders and the rules of the UK Listing Authority in force from time to time or any successor laws, rules or regulations. The rules of the UK Listing Authority currently provide that the maximum price to be paid shall be limited to an amount which must not exceed the higher of (a) 105 per cent. of the average of the market values of the Equity Shares for the 5 Business Days before the purchase is made, and (b) the higher of the price of the last independent trade and the highest current independent bid price. Purchases of Issued ZDP Shares (including 2017 ZDP Shares once the required authority is granted) will only be made through the market for cash at prices below the prevailing accrued capital entitlement of an Issued ZDP Share and where, immediately following any such purchases, the Cover for the Issued ZDP Shares is not below the lower of 1.3 times or the Cover immediately preceding any such repurchase. Purchases of Shares may be made in respect of an individual class or in the form of Packaged Units. Shares which are purchased may be cancelled or held in treasury.

In the last 12 months, the Company purchased no US\$ Equity Shares, 2013 ZDP Shares or 2015 ZDP Shares (not including Shares purchased pursuant to the Tender Offer Facility).

Tender Offer Facility

The Tender Offer Facility, which operates on a half yearly basis, is designed to assist in further narrowing of any discount to Net Asset Value at which the Shares of the relevant class may be trading. Under the facility, subject to certain limitations and the Directors exercising their sole discretion to operate the facility, or to disallow tender offers at any time and for any reason, Shareholders may request that the Company make a tender offer for their shareholding, up to a maximum amount specified by the Board (the “**Basic Entitlement**”) at the prevailing Net Asset Value of a Share of the relevant class (less any tender costs) by giving notice to the Company not less than 60 days prior to the Tender Date. Shareholders may tender any percentage of their shareholding for purchase under a tender offer, but tenders in excess of the Basic Entitlement will only be satisfied to the extent that other Shareholders tender less than their Basic Entitlement.

The Company has authority to make market purchases of Equity Shares, 2013 ZDP Shares and 2015 ZDP Shares pursuant to a tender offer and renewal of this authority will be sought from Shareholders at the 2012 annual general meeting of the Company, and each subsequent annual general meeting, or earlier in a general meeting if the Directors so resolve. The Company currently has no authority to make market

purchases of 2017 ZDP Shares pursuant to a tender offer. Authority for such purchases will be sought at the Company's annual general meeting expected to be held in 2012 or at an earlier extraordinary general meeting of the Company if such a meeting is convened.

The Directors will meet regularly to consider the operation of the Tender Offer Facility in the light of prevailing market conditions, Shareholder sentiment, legal or regulatory constraints, the overriding need to maintain the desired capital structure of the Company and for the prior entitlements of the holders of Issued ZDP Shares not to be materially adversely affected. The Directors may grant or deny any tender offer request in their sole discretion. In the event that this facility is exercised by the Directors, it will operate on 30 June and/or 31 December of each year.

Subject to the Directors exercising their discretion, the Company passing the solvency test contained in the Companies Law and the required Shareholder authority being granted, the Directors intend that each tender offer conducted as at 30 June and 31 December in each year going forward will be made in tranches each not exceeding 7.5 per cent. of the total number of Shares in issue in each class (thus resulting in a potential maximum tender of 15 per cent. over two tranches of each class of Share) as at the beginning of each financial year of the Company in which authority to tender Shares is granted. To the extent that less than 7.5 per cent. of the issued Shares of a particular class are tendered on the Tender Date as at 31 December in any year, the Company intends (subject to passing the aforementioned solvency test and the Directors exercising their discretion) that the subsequent tender based on the Tender Date as at the following 30 June will allow any shortfall of the amount set for 31 December to be combined with the 7.5 per cent. limit set for 30 June (of each class of Share) to allow the maximum number of Shares of the relevant class to be tendered, subject to all regulatory limits and the prevailing Shareholder authority in respect of the tender of Shares.

On any Tender Date on which the Directors at their sole discretion opt to give effect to tender requests, the Company will not give effect to tender requests to the extent that such tender requests, when added to any tender requests already effected on a prior Tender Date in the same financial year, would exceed 15 per cent. of the Shares of the relevant class in issue as at the start of the relevant financial year (excluding from this limit, tender requests by intermediaries whose terms of business with their customers provide for the payment of commissions or fees by the customer to the intermediary by way of a realisation of a part of that customer's holding of Shares).

Provided that the Directors have exercised their discretion to accept tendered Shares, requests for tender offers of Equity Shares only or Issued ZDP Shares only will only be accepted by the Directors if they determine, in their sole discretion, that the capital structure of the Company will remain acceptable following such tender offers and that the Cover for the Issued ZDP Shares immediately following such tender offers of Shares will not be below the lower of 1.3 times or the Cover immediately preceding any such tender offers (save as otherwise permitted by the Articles). Thus, even if the Directors have exercised their discretion to accept tendered Shares, no assurance can be given that any tender request by a Shareholder will be accepted by the Directors if tender requests in respect of Equity Shares are not matched by tender requests in respect of the relevant number of Issued ZDP Shares and vice versa. Tender offer requests in respect of Equity Shares or Issued ZDP Shares will accordingly be scaled back to meet this condition. Any scaling back will be made by the Directors at their sole discretion. Prospective Shareholders should note that the operation of this tender facility is at the sole discretion of the Directors and they should place no reliance on the Directors exercising such discretion. Accordingly, prospective Shareholders should have no expectation that the Directors will exercise their discretion. Shares which are repurchased will be cancelled or held in treasury.

The Company purchased 11,036,942 US\$ Equity Shares, 55,011 2013 ZDP Shares and 829,241 2015 ZDP Shares based on the applicable NAV as at 30 December 2010 pursuant to the Tender Offer Facility. The Company did not exercise the Tender Offer Facility based on the applicable NAV as at 30 June 2011.

Further details of the Tender Offer Facility are set out in paragraph 4 of Part IX of this document.

Existing and potential investors should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in the Company, nor can they be certain that they will be able to realise their investment on a basis that necessarily reflects the value of the underlying investments held by the Company.

Treasury Shares

The Company's Articles allow it to hold up to 10 per cent. of its issued share capital in treasury when those Shares have been purchased by the Company. If US\$ Equity Shares held in treasury were sold at a discount to the prevailing NAV per US\$ Equity Share and the offer was made to existing US\$ Equity Shareholders on a pro-rata basis first, the consent of the Shareholders would not be required prior to the sale. The Directors' note that a sale of treasury shares on this basis is an option that could be considered from time to time in the future.

Shares held in treasury which are not reissued by the Company will be held indefinitely and not cancelled.

Dividends and the Equity Share Annual Distribution

The Company, subject to the Directors exercising their discretion and the satisfaction of conditions that are detailed below, has the ability to pay Equity Shareholders interim dividends or operate a facility whereby Equity Shareholders, who have elected to do so, can benefit from an annual capital distribution. Details of each of these mechanisms are set out below.

Shareholders should note that if the Directors resolve that the Company will pay interim dividends, the Directors intend that the Equity Share Annual Distribution facility will be suspended. Likewise, if the Directors resolve that the Company will operate the Equity Share Annual Distribution facility, the Directors intend that the Company will not pay interim dividends in the same period. In summary, the payment of interim dividends and the operation of the Equity Share Annual Distribution facility will not operate concurrently, only individually (if at all).

Dividend Policy

It is the intention of the Directors that the Company pay a twice yearly interim dividend to holders of Equity Shares at a level the Directors deem appropriate, in their sole discretion, from time to time. Subject to the restrictions contained in the Articles and the Company passing the solvency test contained in the Companies Law, dividends will be paid out of income recognised in the income statements which includes realised and unrealised capital gains. Any dividends declared will be in accordance with all applicable law and regulations. There is no fixed date on which it is expected that dividends will be paid, it being dependent on the Company's cash flow position from time to time. The Directors currently intend that dividends will be paid in cash (in the currency in which the relevant Equity Share class is denominated) but have reserved the right to offer a scrip dividend alternative from time to time.

Nature of the Equity Share Annual Distribution

The Company has been established with a feature which may allow Equity Shareholders who have made the relevant election to benefit from an annual capital distribution. The distribution would represent a cash target of 3 per cent. of the Net Asset Value of the Equity Shares held by them as at the end of the Company's financial year. This will be effected by way of a partial redemption of each Equity Shareholder's holding of Equity Shares and is subject to: (i) the Company having achieved revenue profits and/or net realised gains from its portfolio in an amount at least equal to the amount of the proposed distribution; (ii) prevailing market conditions; (iii) any legal constraints; (iv) the Directors determining that the Cover for the Issued ZDP Shares immediately following any such redemptions is not below 1.3 times; and (v) the Directors exercising their sole discretion to redeem any such Equity Shares. The Company is under no obligation to redeem any Equity Shares or make any distributions at all. Fractions of Equity Shares will not be redeemed and where redemption would otherwise lead to a fraction of an Equity Share being created, such redemption will be rounded down to the nearest Equity Share.

Equity Share Annual Distribution – General

Provided such Equity Shareholders appear on the register of members on the record date (the "**Annual Distribution Record Date**"), being 30 June of each year, they may receive a distribution on the 10th Business Day following completion of the calculation of the Net Asset Value of the Company as at 30 June in the year in question.

Distributions will only be made to Equity Shareholders who make an election on their election card (as referred to below), (or as otherwise permitted by the Directors at their discretion) and whose names appear on the register of members as at the Annual Distribution Record Date. Distributions will be made through CREST in the case of Equity Shareholders who hold their Shares through CREST and otherwise by cheque. All payments will be made at the risk of the Equity Shareholder concerned.

Equity Shareholders who make an election to receive a distribution by ticking the relevant box on their election card and who subsequently dispose of all or part of their Equity Shares prior to a Annual Distribution Record Date will not subsequently receive a distribution in respect of those Equity Shares so disposed of.

An election to receive a distribution (once made on the election card) will remain in force until such time as that Equity Shareholder revokes such election either on the election card which the Company will despatch in March in each year or by written notice to the Administrator. An Equity Shareholder who has revoked their election to receive a distribution may subsequently elect to receive a distribution for a forthcoming year by ticking the relevant box on a subsequent election card.

To the extent that any distributions are paid, they will be paid in accordance with any applicable laws and the regulations of the UK Listing Authority.

Election for a distribution

Equity Shareholders will be sent an election card in March of each year. If they wish to avail themselves of the annual distribution described above, they may do so by ticking the relevant box on the election card and returning the same to the Administrator in accordance with the instructions printed on the election card.

Subject to the limitations described above, the distributions may take place annually on 30 June.

Currency hedging

A substantial portion of the Company's underlying investments will be denominated in the Euro and US Dollar. Any distributions in respect of the Issued ZDP Shares will be made in Sterling and the market prices and Net Asset Values of the 2013 ZDP Shares will be reported in Sterling. Any distributions in respect of the Equity Shares will be made in the currency in which the relevant Equity Share class is denominated. The market prices and Net Asset Values of the Equity Shares will also be reported in the currency in which the relevant Equity Share class is denominated.

Each class of Shares in issue from time to time will be invested in the Company Portfolio, the value of which is allocated to each of the classes according to their proportionate interest in the portfolio. Accordingly, each class of Shares has its own Net Asset Value. The profits or losses from any currency hedges undertaken for the account of a particular class of Shares will be borne or credited to that particular class and reflected in its Net Asset Value.

Currency hedging transactions will only be undertaken in order to mitigate exchange rate exposure and not for speculative purposes.

Financial information

The Company's audited accounts are made up for the period to 30 June in each year. An unaudited interim report in respect of the first six months of each subsequent accounting period, i.e. to 31 December, is also published. In addition, the Company releases quarterly financial reports (which include the interim management statements required by the Disclosure and Transparency Rules). The Company's first full accounting period was in respect of the period ending 30 June 2006. The Company prepared, and will continue to prepare, its annual report and accounts in accordance with International Financial Reporting Standards.

The Net Asset Value of the Company is calculated and published quarterly with the relevant Valuation Point being 5.00 p.m. (Guernsey time) on the last Business Day of the quarters ending 31 March, 30 June, 30 September and 31 December. Each quarterly Net Asset Value will be published through a RNS within 30 Business Days of such quarter end.

Furthermore, the Company also calculates and publishes an estimated Net Asset Value monthly with the relevant Valuation Point being 5.00 p.m. (Guernsey time) on the last Business Day of each month. Each monthly Net Asset Value is published through a RNS announcement normally within 20 Business Days of such month end. Valuations produced by the Manager as at the relevant month end are conclusive and binding on all Shareholders. In addition to the planned reporting cycle described above, the Company and the Manager may, in their sole discretion, arrange for additional valuations to be published or extend the 20 Business Day period to cater for exceptional circumstances or significant new developments.

All valuations of the Private Equity Portfolio are made, in part, on valuation information provided by the managers of investments in the Company Portfolio. Although the Managers evaluate all such information and data, the Managers are generally not in a position to confirm the completeness, genuineness or accuracy of such information or data. In addition, the financial reports typically provided to the Managers are provided only on a quarterly or half yearly basis and generally are issued one to four months after their respective valuation dates. Consequently, each estimated quarterly and half yearly Net Asset Value will contain information that may be out of date and require updating and completing. Shareholders should bear in mind that the actual Net Asset Values may be materially different from the estimated monthly values or quarterly values when placing reliance on any valuations provided by the Manager. Valuations produced by the Managers as at the relevant quarter end are conclusive and binding on all Shareholders.

Where applicable, currency conversions used to calculate the Net Asset Value will be based on the relevant exchange rate published by Bloomberg as at the close of business on the date of the relevant Net Asset Value.

The life of the Company

The Company has been established with an unlimited life.

In order to pay to the holders of 2013 ZDP Shares the 2013 Final Capital Entitlement of 73.0 pence per 2013 ZDP Share on the 2013 Final Capital Entitlement Date, the 2013 ZDP Shares will be redeemed on the 2013 Final Capital Entitlement Date, being approximately eight years following admission of the first Shares to the Official List. If the assets in the Company Portfolio (excluding its revenue profits and accumulated revenue reserves, if any) are insufficient to meet in full the 2013 Final Capital Entitlement of 73.0 pence per 2013 ZDP Share, holders of 2013 ZDP Shares will receive, *pro rata* to their holdings of 2013 ZDP Shares, the surplus assets in the Company Portfolio available for distribution at that time (excluding its revenue profits and accumulated revenue reserves, if any) after payment of all prior charges.

In order that the Company may continue in existence and in order to continue to maintain leverage for the Equity Shares following the redemption of the 2013 ZDP Shares and repayment of the 2013 Final Capital Entitlement in full, the Directors have previously stated (prior to the initial issue of the 2015 ZDP Shares) that they will seek to issue a new class of zero dividend preference shares to replace those 2013 ZDP Shares being redeemed or incur external borrowings with one or more lenders to provide leverage for the Equity Shares. Further, it was stated that, external borrowings will only be undertaken if the Directors and the Managers consider the prevailing interest rates favourable and that the terms and conditions attaching to such borrowings are acceptable, having regard to the investment objective and policy of the Company.

Prior to the 2013 Final Capital Entitlement Date, the Directors will examine the options available to the Company to refinance the 2013 ZDP Shares to be redeemed. Following such examination, and not later than the 2013 Final Capital Entitlement Date, the Directors shall put forward proposals for the refinancing of the 2013 ZDP Shares to the holders of Equity Shares. On the assumption that Admission of the 2017 ZDP Shares occurs and that, in the Directors' opinion, a sufficient number of 2017 ZDP Shares are issued when combined with the 2015 ZDP Shares that are already in issue, the Directors may propose that the 2017 ZDP Shares and/or the 2015 ZDP Shares in issue at that time be sufficient refinancing for the redeemed 2013 ZDP Shares. Pursuant to the Articles of the Company, only holders of Equity Shares will be entitled to receive notice of, attend and vote at such extraordinary general meeting. Existing and potential investors should note that on the 2013 Final Capital Entitlement Date the holders of 2013 ZDP

Shares will be repaid their 2013 Final Capital Entitlement or such lower amount as may be available for distribution as described above, irrespective of whether the refinancing proposals are approved by Equity Shareholders or not.

Should the refinancing proposals not be approved by Equity Shareholders, the Directors will propose to Equity Shareholders, by way of an ordinary resolution at an extraordinary general meeting of the Company to be held on a date not later than 6 months after the refinancing proposals are defeated, that the Company continue in existence (the “**Continuation Resolution**”).

Should the Continuation Resolution not be passed by Equity Shareholders, the Directors will put forward proposals to Equity Shareholders, at an extraordinary general meeting of the Company to be held not later than 4 months after the Continuation Resolution is defeated, to reorganise, reconstruct or wind up the Company (noting that any such proposal may also require the approval of Shareholders as a whole and/or 2015 ZDP Shareholders as a class and/or 2017 ZDP Shareholders as a class in accordance with applicable law). If a winding up resolution is subsequently approved by Shareholders at an extraordinary general meeting of the Company, the liquidators will commence an orderly realisation of the investments of the Company by: (i) discontinuing the making of any new primary private equity investments or commitments or secondary private equity portfolio purchases; and (ii) after payment of the Company’s debts, distributing all available cash or stock distributions to the holders of the remaining Issued ZDP Shares and then the Equity Shares in accordance with the Articles as they become available over time. It is envisaged that this orderly realisation process may take up to 3 years following its commencement.

In order to pay to the holders of 2015 ZDP Shares their 2015 Final Capital Entitlement of 87.30 pence per 2015 ZDP Share on the 2015 Final Capital Entitlement Date, the 2015 ZDP Shares will be redeemed on the 2015 Final Capital Entitlement Date, being approximately 7 years following admission of the 2015 ZDP Shares. If the assets in the Company Portfolio (excluding its revenue profits and accumulated revenue reserves, if any) are insufficient to meet in full the 2015 Final Capital Entitlement of 87.30 pence per 2015 ZDP Share, holders of 2015 ZDP Shares will receive, pro-rata to their holding of 2015 ZDP Shares, the surplus assets in the Company Portfolio available for distribution at that time (excluding its revenue profits and accumulated revenue reserves, if any) after payment of all prior charges.

In order to pay to the holders of 2017 ZDP Shares their 2017 Final Capital Entitlement of 107.1 pence per 2017 ZDP Share on the 2017 Final Capital Entitlement Date, the 2017 ZDP Shares will be redeemed on the 2017 Final Capital Entitlement Date, being approximately 6.3 years following Admission. If the assets in the Company Portfolio (excluding its revenue profits and accumulated revenue reserves, if any) are insufficient to meet in full the 2017 Final Capital Entitlement of 107.1 pence per 2017 ZDP Share, holders of 2017 ZDP Shares will receive, pro-rata to their holding of 2017 ZDP Shares, the surplus assets in the Company Portfolio available for distribution at that time (excluding its revenue profits and accumulated revenue reserves, if any) after payment of all prior charges. Further information on the 2017 Final Capital Entitlement is provided in Part III of this document.

Existing and potential investors should note that whilst the 2013 ZDP Shares, the 2015 ZDP Shares and the 2017 ZDP Shares have a planned life until approximately June 2013, December 2015 and December 2017, respectively, before their repayment and the Company itself has an unlimited life, under the terms of the Management Agreement the Managers may terminate its appointment by giving not less than 12 months’ notice.

The Directors would, in these circumstances, have to find a replacement manager for the Company and there can be no assurance that such a replacement will be found. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company which may include its merger with another investment company, reconstruction or winding-up.

Further details of the Management Agreement are set out in paragraph 8(a) of Part IX of this document.

Administrator and Company Secretary

HSBC Management (Guernsey) Limited has been appointed by the Directors as Administrator and Company Secretary pursuant to the Administration and Company Secretarial Agreement, a summary of which is set out in paragraph 8(b) of Part IX of this document. In such capacity, the Administrator will

be responsible for the general secretarial functions required by the Companies Laws and for assisting and advising the Directors to ensure that the Company complies with its continuing obligations as a company listed on the premium segment and the standard segment of the Official List (as applicable). The Administrator will also be responsible for the Company's general administrative functions such as the calculation of the Net Asset Value and the maintenance of accounting records. The Administrator will receive, from the Company, customary fees for its services (as set out on page 76 of this document).

Custody arrangements

In addition to acting as Administrator, HSBC Management (Guernsey) Limited also provides custody services to the Company relating to the safe-keeping of security documentation and administration of the Company's bank accounts. The fees relating to such custody services are included in the administration fee payable to the Administrator.

The Registrar

Capita Registrars (Guernsey) Limited has been appointed as Registrar pursuant to the Registrar Agreement, a summary of which is set out in paragraph 8(c) of Part IX of this document.

The Registrar will act as CREST agent and will utilise the services of Capita Registrars as UK transfer agent regarding the transfer and settlement of Shares held in uncertificated form.

Fees and expenses

Placing expenses

The expenses of the Company are those which are necessary for the Acquisition and the issue of the Placing Shares. These expenses will be met by the Company and will be paid on or about Admission save as described below. Such expenses will be written off in the first year following Admission and will include the fees payable under the Sponsorship Agreement, registration, listing and admission fees, corporate finance fees, printing, advertising and distribution costs, legal fees and any other applicable expenses.

These expenses are expected to be approximately £366,495.00.

Annual operational expenses

The Company also incurs annual operational and redemption expenses and such expenses will be charged to the Company's income statement. These expenses include the following:

(i) ***Managers***

The Managers are entitled to a base management fee, payable monthly in arrears, of 1.00 per cent. per annum of the Company's Total Assets. The fee is charged to the Company's income statement. The Managers are also entitled to reimbursement of certain out-of-pocket expenses incurred by them in connection with their duties.

The Managers will also be entitled to a performance fee if the aggregate Net Asset Value of the Equity Shares and Issued ZDP Shares at the end of any Performance Period (as defined in paragraph 8(a) of Part IX of this document) (having made adjustments for any issue and/or tender offer and/or repurchase of Equity Shares and Issued ZDP Shares or other distributions made in respect thereof) exceeds (i) the aggregate Net Asset Value of the Equity Shares and Issued ZDP Shares at the start of the Performance Period by more than 8 per cent. (the "**Performance Hurdle**") and (ii) the highest previously recorded aggregate Net Asset Value of the Equity Shares and Issued ZDP Shares as at the end of a Performance Period in respect of which a performance fee was last paid. The amount of such performance fee will be 7.5 per cent. of the total increase in the aggregate Net Asset Value per Equity Share and Issued ZDP Share above the Performance Hurdle at the end of the relevant Performance Period over the aggregate Net Asset Value per Equity Share and Issued ZDP Share at the start of the relevant Performance Period, multiplied by the number of issued and outstanding Equity Shares and Issued ZDP Shares at the end of the relevant Performance Period, having made adjustments for numbers of Equity Shares and Issued ZDP Shares as described above.

Further details of the Management Agreement are set out in paragraph 8(a) of Part IX of this document.

The Managers may, at their discretion, share a portion of the management and/or performance fees they receive from the Company with their affiliates for procuring placees in connection with the Acquisition.

The Managers do not receive any benefits from third parties in connection with managing the Company.

(ii) *Administrator and Company Secretary*

The Administrator is entitled to an annual fee in respect of administration and company secretarial services calculated on the Total Assets of the Company of 0.125 per cent. on the first US\$100 million, 0.1 per cent. on the next US\$50 million, 0.075 per cent. on the next US\$50 million and 0.05 per cent. on the balance subject to a minimum annual fee of US\$120,000. The fee is payable monthly in arrears. The Administrator may, at its discretion, pay fees to any person to which it may have delegated any of its functions. The Administrator and any of its delegates will also be entitled to reimbursement of certain out-of-pocket expenses incurred by them in connection with their duties.

(iii) *Directors*

Each Director (with the exception of Mr. Getschow who, as an employee of BSAM Inc., has waived the right to receive any remuneration) is entitled to a fee of £30,000 per annum (previously £20,000) (£40,000 for the Chairman (previously £25,000)) with effect from 1 January 2011.

For the financial year ended 30 June 2011, each Director (with the exception of Mr. Getschow who, as an employee of BSAM Inc., has waived the right to receive any remuneration) received £20,000 (£25,000 for the Chairman) and there were no additional payments during the financial year. However, the Company has agreed to make balancing payments to the Directors (with the exception of Mr. Getschow), to reflect the increase in remuneration as described above, as against amounts already paid.

(iv) *Other operational expenses*

Other ongoing operational expenses of the Company are borne by the Company including printing, audit and legal fees. These expenses will be deducted from the Company Portfolio. All out-of-pocket expenses of the Managers, the Sponsor, the Administrator, the Registrar, the CREST Agent and the Directors are borne by the Company.

(v) *Tender expenses*

Any material expenses associated with the tender of Shares will be deducted, if the Directors so determine in their discretion, from the proceeds payable to those Shareholders who elect to tender their Shares.

Underlying portfolio management fees and other charges

General

In respect of the Private Equity Portfolio and the hedge fund investments (to the extent that such investments are ever made by the Company) in the Company Portfolio, the performance of the Company will, in part, be affected by charges related to the private equity and hedge fund investments in the Company Portfolio. To the extent that the assets in the Company Portfolio are directly or indirectly invested in private equity funds or hedge funds, there may be multiple layers of fees and transaction costs borne by the Company. In addition, the Company may be required to pay performance fees in respect of some of the investments in the Company Portfolio, even if the Company itself as a whole has not realised any gains during the same period.

Taxation

The Company has applied for and has been granted exempt status for Guernsey tax purposes.

The Directors intend to continue to conduct the affairs of the Company so that it does not become resident in the United Kingdom or the United States for taxation purposes. Whilst the Directors seek to minimise taxation, the income and capital gains of the Company may be subject to taxation at source.

Further information concerning the tax status of the Company and the taxation treatment of Shareholders resident in the United Kingdom or Guernsey is contained in paragraph 12 of Part IX of this document.

If prospective Shareholders are in doubt as to the taxation consequences of acquiring, holding or disposing of Shares, they should seek advice from their own independent financial and tax advisers.

ISAs

Subject to applicable subscription limits, (currently £10,680 per year) the Placing Shares should be eligible for inclusion in a Stocks and Shares ISA provided that the ISA manager has acquired the Placing Shares by purchase in the market. This does not include any Placing Shares acquired in the Placing.

Conflicts of interest

The Managers and their respective officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Managers may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company or funds in which the Company invests.

Each of these parties will have regard to its obligations under its agreement with the Company or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise. Having regard to these obligations, the Company may buy investments from or sell investments to the Managers or their affiliates only on an arm's-length basis, being fair market value by references to closing mid-market prices (in the case of listed securities) and the value derived from an independent valuation (in the case of unlisted securities). In particular, the Managers will use its reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Managers that falls within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time having regard to the interests of the Company.

Existing and potential investors are referred to the risk factors under the heading "Risks relating to potential conflicts of interest" on page 23 of the section headed "Risk Factors" of this document.

PART III

2017 ZDP SHARES

Terms of the 2017 ZDP Shares

The terms of the 2017 ZDP Shares in this Part III should be read in conjunction with the summary of the Company's Memorandum and Articles of Incorporation in paragraph 4 of Part IX of this document.

Rights as to income

- 1.1 The 2017 ZDP Shares carry no rights to receive dividends out of revenue or any other profits of the Company.

Rights as to capital

- 2.1 2017 ZDP Shareholders will rank *pari passu* with other 2017 ZDP Shareholders on a return of capital or other return of assets of the Company on the 2017 Final Capital Entitlement Date or on a winding up or otherwise (other than conversion, tender pursuant to the terms of the Articles and the Equity Share Annual Distribution or purchase of Shares).
- 2.2 The assets of the Company available for distribution to Shareholders after payment of all of the Company's liabilities in full will be applied as follows (and in each case distributed among the holders of Shares of each class rateably according to amounts paid up on such Shares held by them):
- 2.2.1 first, any undistributed income of the Company standing to the credit of the Company (including any current year and accumulated revenue reserves) shall be paid to the holders of each class of Equity Shares in proportion to their holdings to the extent that such undistributed income standing to the credit of the Company is attributable to the Shares held by them;
- 2.2.2 second, there shall be paid *pro rata* to holders of the 2013 ZDP Shares an amount equal to 41.5 pence per 2013 ZDP Share as increased daily at such daily compound rate as would give a final entitlement of 73.0 pence on 28 June 2013, the first such increase occurring on 30 June 2005 after 18.00 hours on that day and the last on 28 June 2013
- 2.2.3 third, there shall be paid *pro rata* to holders of 2015 ZDP Shares an amount equal to 48.75 pence per 2015 ZDP Share as increased daily at such daily compound rate as would give a final entitlement of 87.30 pence on 31 December 2015, the first such increase occurring on 19 December 2008 after 18.00 hours on that day and the last on 31 December 2015;
- 2.2.4 fourth, there shall be paid *pro rata* to the holders of 2017 ZDP Shares, an amount equal to 65 pence per 2017 ZDP Share as increased daily at such daily compound rate as would give a final entitlement of 107.1 pence on 31 December 2017, the first such increase occurring on the day of Admission after 18.00 hours on that day and the last on 31 December 2017;
- 2.2.5 fifth, there will be paid to the holders of the Founder Shares in respect of each such share the amount paid up or treated as paid up thereon; and
- 2.2.6 sixth, subject to the terms of the Articles, there shall be paid to the holders of each class of Equity Shares in proportion to their holdings the surplus assets of the Company available for distribution to the extent that such surplus assets are attributable to the relevant class of Equity Shares.

Rights as to voting

- 3.1 The 2017 ZDP Shareholders shall have the right to receive notice of, attend and vote at any general meeting of the Company, save in respect of any general meeting of the Company at which either a resolution relating to 2013 ZDP Refinancing (as defined in article 269 of the Articles) or a Continuation Resolution (as defined in article 270 of the Articles) is proposed in accordance with Articles. Whenever the holders of 2017 ZDP Shares are entitled to vote at a general meeting of the Company, upon any resolution proposed at such a general meeting, on a show of hands every holder

thereof who is present in person (or being a corporation, by a duly authorised representative) shall have one vote and on a poll every holder thereof who is present in person or by proxy (or being a corporation, by a duly authorised representative) shall have one vote in respect of each 2017 ZDP Share held by him.

- 3.2 Subject to paragraphs 3.4 and 3.5 of this Part III below, the Company shall not, without the previous sanction of an extraordinary resolution of the holders of 2017 ZDP Shares in issue from time to time passed at a separate general meeting of 2017 ZDP Shareholders convened and held in accordance with the provisions of the Articles:
- 3.2.1 issue further shares or securities, or rights to subscribe for or to convert or exchange any securities into shares or securities or reclassify any shares unless the ZDP Test is satisfied and provided further that the previous sanction of an extraordinary resolution of the holders of each class of Issued ZDP Shares alone shall be required where the ZDP Test is not met;
 - 3.2.2 pass a resolution amending articles 269 or 270 of the Articles or releasing the Board from its obligation to redeem the 2017 ZDP Shares on the 2017 Final Capital Entitlement Date in accordance with paragraph 4.1 below;
 - 3.2.3 other than the redemption of the Issued ZDP Shares provided for in articles 23 and 24 of the Articles or the redemption of 2017 ZDP Shares provided for in paragraph 4.1 below, pass a resolution to reduce the capital of the Company in any manner, including any resolution authorising the Board to purchase or redeem Shares in the Company save that the Company may without such sanction take authority to make, and effect purchases or redemptions of its own Shares in circumstances where (i) redemption requests are made by intermediaries whose terms of business with their customers provide for the payment of commissions or fees by the customer to the intermediary by way of a realisation of a part of that customer's holding of Shares or where (ii) the ZDP Test is met and provided further that the previous sanction of an extraordinary resolution of the holders of each class of Issued ZDP Shares alone shall be required where the ZDP Test is not met;
 - 3.2.4 pass a resolution for the voluntary winding-up of the Company, such winding-up to take effect prior to 31 December 2017 or if that day is not a Business Day the preceding Business Day;
 - 3.2.5 alter any object set out in the Memorandum of Incorporation of the Company;
 - 3.2.6 increase the borrowing limit contained in the Articles;
 - 3.2.7 make any material change to the Company's investment policy;
 - 3.2.8 make any material change to the proportions in which management expenses and finance costs are charged to the Company's revenue account and capital reserves;
 - 3.2.9 pass any resolution which authorises the Directors to pay a dividend or other distribution out of the capital reserves of the Company if to do so would cause the ZDP Test not to be met provided that the Company may make a purchase or redemption of Shares permitted under article 12.3 of the Articles or paragraph 3.2.3 of this Part III above; or
 - 3.2.10 or, without the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the 2017 ZDP Shares, pass any resolution to vary, modify or abrogate any of the special rights or privileges attached to the 2017 ZDP Shares.
- 3.3 For the purposes of this paragraph 3, the "**ZDP Test**" is that the Directors shall have calculated that, were the further shares to be issued, the rights of subscription, conversion or exchange to be immediately issued and/or exercised to the reclassification, redemption or purchase of own shares to take place on the date specified by the Directors for such calculation (the "**Calculation Date**") those 2017 ZDP Shares in issue immediately thereafter would have a Cover not less than, in the case of paragraph 3.2.1, the lower of (i) the Cover on the 2017 ZDP Shares had such Cover been calculated immediately prior to the Calculation Date (the "**Prior Cover**"); and (ii) 1.3 times or, in

the case of paragraph 3.2.3, 1.3 times. For this purpose, the Cover on the 2017 ZDP Shares shall be the multiple representing a fraction in which the numerator is equal to the net assets of the Company at the end of the immediately preceding month (valued by the Company's investment manager) excluding any current year and accumulated revenue reserve and the denominator is equal to the amount which would be payable to the holders of the 2017 ZDP Shares in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or *pari passu* therewith) on the 2017 Final Capital Entitlement Date. In calculating such Cover and Prior Cover, the Directors shall:

- (1) use the net assets value figure published by the Company at the end of the immediately preceding month;
- (2) (save where calculating Prior Cover) assume that the share capital or rights proposed be issued or the shares arising on reclassification or to be redeemed or purchased had been issued, exercised, reclassified, redeemed and/or purchased at the end of the month prior to the Calculation Date;
- (3) (save where calculating Prior Cover) adjust the net assets at the end of the said month by adding the minimum net consideration (if any) which would be received upon such issue and/or exercise and by deducting any consideration payable on any such redemption or purchase;
- (4) (save where calculating Prior Cover) take account of the capital entitlements to be attached to the new (or reclassified) shares or securities or rights;
- (5) (save where calculating Prior Cover) aggregate the capital entitlements of the existing 2017 ZDP Shares and the capital entitlements of any new 2017 ZDP Shares (or any other shares ranking as to capital in priority thereto or *pari passu* therewith) to be issued or reclassified as aforesaid, in each case as at the Calculation Date; and
- (6) make such other adjustments as they consider appropriate.

For the purposes of this paragraph 3.3, any Calculation Date selected by the Directors shall not be more than 120 days prior to the proposed date of issue of such shares or rights, reclassification, redemption or purchase.

- 3.4 Notwithstanding paragraphs 3.1 and 3.2 and 3.3 above, if any offer is made (whether by the Company or any other person, and including proposals for a reduction of capital or a share repurchase or redemption) to all the holders of 2017 ZDP Shares (other than the offeror and/or persons acting in concert with the offeror) which becomes or is declared unconditional in all respects prior to 31 December 2017 and which enables the holder of the 2017 ZDP Shares to receive no later than 21 January 2018 an amount in cash not less than that to which such holders would otherwise have been entitled on a redemption of their 2017 ZDP Shares or on a winding-up of the Company in each case on 31 December 2017 (whether or not such offer is accepted in any particular case and ignoring any option to receive alternative consideration) and such offer is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable then the provisions of paragraph 3.6 below shall apply to the holders of the 2017 ZDP Shares in relation to any resolution or resolutions proposed at any general meeting of the Company or at any separate meeting of the relevant class(es) and recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable (a "**Recommended Resolution**") save that the provisions of paragraph 3.6 below shall cease as regards such Shareholders if either the Board considers that the aforementioned offer is unlikely to be honoured or the offeror breaches a material term of the offer or otherwise manifests an intention not to implement the offer.
- 3.5 Notwithstanding paragraphs 3.1 and 3.2 and 3.3 above if at any time on or before 31 December 2017 a resolution (a "**Reconstruction Resolution**") is proposed at any general meeting of the Company or at any separate meeting of the holders of 2017 ZDP Shares (including any meeting to be convened to consider the winding-up of the Company) to sanction any form of arrangement involving the winding-up of the Company, or the reclassification, redemption, purchase or repurchase of 2017 ZDP Shares and which in any such case enables all holders of the 2017 ZDP

Shares to receive, no later than 21 January 2018, an amount in cash not less than that to which such holders would otherwise have been entitled on winding-up of the Company in accordance with the Articles and this Part III on 31 December 2017 then (ignoring any option to receive their entitlements otherwise than in cash) provided such arrangement is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable the provisions of paragraph 3.6 below shall apply to the holders of the 2017 ZDP Shares in relation to such resolution(s) save that such provisions shall cease as regards such Shareholders if the arrangement is not implemented in accordance with its terms.

- 3.6 Where paragraph 3.6 applies in respect of any resolution the holders of 2017 ZDP Shares present in person, by a duly authorised representative (if a corporation) or by proxy and entitled to vote and who shall vote in favour of such resolution shall collectively have four times the number of votes cast against any such resolution and the previous sanction of an extraordinary resolution of the holders of the 2017 ZDP Shares shall not be required in any case where it would otherwise be required by the Articles and where such previous sanction is required in any case by the Companies Law all holders of such Shares present in person, or by corporate representative or by proxy and entitled to vote at the relevant meeting and who shall vote in favour of any resolutions recommended by the Board shall collectively have four times the number of votes cast against any such resolutions. The vote on any Recommended Resolution or Reconstruction Resolution shall be taken on a poll.

Rights as to redemption

- 4.1 Unless the Directors have previously been released from their obligations to do so by a special resolution of the Company (such special resolution having been duly passed not earlier than 31 December 2016 and having been sanctioned by necessary class approval), the Company shall on the 2017 Final Capital Entitlement Date, compulsorily redeem all 2017 ZDP Shares in issue at an amount equal to the 2017 Final Capital Entitlement per 2017 ZDP Share or, if lower, the surplus assets of the Company available for the purpose (after payment of all prior charges) pro-rata to each 2017 ZDP Shareholder's holding of 2017 ZDP Shares, and for the avoidance of doubt "surplus assets available for the purpose" shall exclude the revenue profits (including accumulated revenue reserves) of the Company.

Applicable provisions contained in the Articles

- 5.1 As the 2017 ZDP Shares are "designated as ZDP Shares", references to "Issued ZDP Shares" or "shares" in the following articles will also apply to the 2017 ZDP Shares:

- 5.1.1 articles 25 to 39 (*Tender of Shares and the Annual Equity Share Distribution*);
- 5.1.2 articles 40 and 41 (*Variation of Rights and Alteration of Capital*);
- 5.1.3 articles 73 to 98 (*Pre-emption Rights*);
- 5.1.4 articles 99 to 104 (*Share Certificates*);
- 5.1.5 articles 105 to 107 (*Lien*);
- 5.1.6 articles 108 to 113 (*Calls on Shares*);
- 5.1.7 articles 114 to 122 (*Forfeiture and Surrender of Shares*);
- 5.1.8 articles 123 to 137 (*Transfer and Transmission of Shares*);
- 5.1.9 articles 138 to 146 (*Qualified Holders*);
- 5.1.10 articles 147 to 158 (*Alteration of Capital*);
- 5.1.11 articles 151 to 158 (*General Meetings*);
- 5.1.12 articles 159 and 160 (*Notice of General Meetings*);
- 5.1.13 articles 161 to 172 (*Proceedings at General Meetings*);
- 5.1.14 articles 173 to 184 (*Votes of Members*);

- 5.1.15 articles 260 to 263 (*Notices*);
- 5.1.16 articles 264 to 268 (*Winding Up*); and
- 5.1.17 articles 274 and 275(*Untraced Members*).

Further Information on the 2017 Final Capital Entitlement

The 2017 ZDP Shares will rank *pari passu* in all respects with all other 2017 ZDP Shares and will be entitled to the 2017 Final Capital Entitlement of 107.1 pence as at 31 December 2017 (subject to there being sufficient assets available as detailed above). Based on the Assumptions, including an initial capital entitlement per 2017 ZDP Share of 65 pence as at 12 September 2011, receipt of the 2017 Final Capital Entitlement of 107.1 pence on 31 December 2017 would equate to a Redemption Yield of 8.25 per cent. per annum on the illustrative initial capital entitlement.

The 2017 Final Capital Entitlement will depend on, amongst other factors, the underlying growth rate of the Company Portfolio. The tables below, based on the Assumptions, illustrate the potential 2017 Final Capital Entitlement for holders of 2017 ZDP Shares who retain their Shares issued pursuant to the Acquisition until the 2017 Final Capital Entitlement Date, showing the potential effect of different annual rates of capital growth in the Company Portfolio and Equity Share tenders.

Prospective investors should note that, based on the Assumptions and assuming a full 7.5 per cent. tender of US\$ Equity Shares in each half year prior to the 2017 Final Capital Entitlement Date (assuming such tender offer is only offered where the minimum Cover for each class of Issued ZDP Shares is greater than 1.3 times), if the 2017 ZDP Shares were redeemed on the planned redemption date of 31 December 2017, the above illustrative initial capital entitlement would not be repaid in full if the rate of return in the Company Portfolio following issue of the 2017 ZDP Shares was less than -19.1 per cent. per annum for each of the next 6.3 years and the 2017 Final Capital Entitlement of 107.1 pence would not be repaid in full if the rate of return in the Company's portfolio following implementation of the 2017 ZDP Shares was less than -13.8 per cent. per annum for each of the next 6.3 years, both from 12 September 2011.

Illustrative Projected 2017 Final Capital Entitlement (pence):

% Equity Shares tendered each half year	Company Portfolio capital growth rate per annum								
	-15.0%	-12.5%	-10.0%	-7.5%	-5.0%	-2.5%	0.0%	2.5%	5.0%
0.0%	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1
2.5%	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1
5.0%	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1
7.5%	94.7	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1

Illustrative 2017 ZDP Share Redemption Yield on the initial capital entitlement:

% Equity Shares tendered each half year	Company Portfolio capital growth rate per annum								
	-15.0%	-12.5%	-10.0%	-7.5%	-5.0%	-2.5%	0.0%	2.5%	5.0%
0.0%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
2.5%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
5.0%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
7.5%	6.16%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%

9 Calculated as gross asset value as at 30 June 2011 less (i) outstanding indebtedness under the Company's Facility Agreement, (ii) annual interest expense of 4.64 per cent. on debt of €40 million through the maturity date of the Company's Facility Agreement, (iii) annual management fees through the Final Capital Entitlement Date, (iv) the 2013 ZDP Share Final Capital Entitlement and (v) the 2015 ZDP Share Final Capital Entitlement, divided by the 2017 Final Capital Entitlement. The calculation does not factor in potential movements in foreign exchange through the 2017 Final Capital Entitlement Date.

Assumptions

Save as otherwise stated, the illustrative return statistics in relation to the 2017 ZDP Shares, and other relevant financial information and statistics contained in this document, have been based on or calculated on the principal bases and assumptions set out below. These are assumptions only and may not be fulfilled in practice. The Assumptions and the 2017 Final Capital Entitlement table for the 2017 ZDP Shares set out above is not, and should not be taken as, a forecast of profits and there can be no assurance that the 2017 ZDP Shares will be repaid in full on the 2017 Final Capital Entitlement Date of 31 December 2017.

- 1 The Acquisition is completed in accordance with the terms of the Acquisition Agreement.
- 2 On the date of Admission, the Company's gross assets are valued at US\$760 million and its capital structure comprises 401.6 million US\$ Equity Shares, 63.3 million 2013 ZDP Shares, 68.6 2015 ZDP Shares and 30.4 million 2017 ZDP Shares.
- 3 The yield on the 2017 ZDP Shares is 8.25 per cent. yield on the initial capital entitlement, and 7 per cent. for the 25.3 million 2013 ZDP Shares (the maximum 40 per cent.) exchanged for 2017 ZDP Shares.
- 4 For illustrative purposes, the exchange offer takes place on the Admission date pursuant to the Acquisition.
- 5 €40 million outstanding under the US\$150 million Facility Agreement generating a 4.64 per cent. interest expense until maturity in May 2013.
- 6 The 2013 Final Capital Entitlement of the 2013 ZDP Shares expiring in 2013 is paid in full at 73.0p per 2013 ZDP Share.
- 7 The 2015 Final Capital Entitlement of the 2015 ZDP Shares expiring in 2015 is paid in full at 87.3p per 2013 ZDP Share.
- 8 No additional funds are raised via equity or debt issuances. Expirations of all ZDP share classes and the credit facility result in a reduction in gross asset value
- 9 The rights attaching to US\$ Equity Shares, 2013 ZDP Shares and 2015 ZDP Shares are not altered and no further shares are issued or no further shares are cancelled or purchased.
- 10 Minimum Cover of 1.3 for each Issued ZDP Share class required to accept each Equity Share tender.
- 11 Constant US\$/£ exchange rate, of 1.6279 (as published by Bloomberg as at close of business on 12 August 2011).
- 12 Miscellaneous expenses of 0.2 per cent. of gross assets per annum.
- 13 The Company's management fee is paid semi-annually and assumes the fee arrangements described in paragraph 8(a) of Part IX of this document.
- 14 Distributions received from the Company Portfolio, capital calls and dividends paid to US\$ Equity shareholders result in 4 per cent. of the Company's assets being held in cash through the 2017 Final Capital Entitlement Date.
- 15 Performance fees are accrued every half year but only paid out at the end of each year. Performance fees assume the fee arrangements described in paragraph 8(a) of Part IX of this document.
- 16 The Company generates cash interest on deposits of 1.0 per cent. per annum.

PART IV

PLACING ARRANGEMENTS

The Placing Shares are only suitable for existing and potential investors who understand the potential risk of capital loss associated with an investment in the Company and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the Placing Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.

Placing Shares

The SPL Funds intend to sell some or all of the 2017 ZDP Shares in the Company to be received by them in connection with the Acquisition. To this end, the SPL Funds will, prior to Admission, seek irrevocable letters of commitment from placees confirming that they will purchase the 2017 ZDP Shares issued to the SPL Funds pursuant to the terms of the Acquisition Agreement, with the transfer of such 2017 ZDP Shares to happen immediately following Admission. Liberum Capital is acting as sole broker for the SPL Funds with respect to the sale of the 2017 ZDP Shares.

Liberum Capital intends to market the 2017 ZDP Shares subsequent to the approval of this document in order to procure subscribers for the 2017 ZDP Shares to be sold by the SPL Funds immediately following Admission to ensure compliance with Listing Rule 14.2.2. The Acquisition is conditional on Admission, which may not occur if the SPL Funds and/or Liberum Capital are unable procure sufficient number of subscribers for the 2017 ZDP Shares such as to ensure that at least 25 per cent. of the total number of 2017 ZDP Shares (in respect of which application has been made for Standard Listing) issued have been distributed to the public.

CREST

Placing Shares will be issued in registered form.

Placing Shares will be eligible for settlement through CREST with effect from Admission. Placing Shares allocated will be transferred to placees through the CREST system unless otherwise stated. Member firms will be requested to give their CREST settlement details to Liberum Capital on the relevant placing letter.

The Company will arrange for Euroclear to be instructed to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Placing Shares. The names of subscribers or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealings

The Company has applied for Admission of the Placing Shares to the premium segment and the standard segment (as appropriate) of the Official List and for trading of the Placing Shares on the London Stock Exchange's main market for listed securities. The Company has applied for the 2017 ZDP Shares to trade under the symbol JPSZ.

It is expected that allotment of the Placing Shares will take place on 12 September 2011 and that dealings in such Placing Shares will commence at 8.00 a.m. on 12 September 2011. Dealings in Placing Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The ISIN number and SEDOL code for the US\$ Equity Shares are GB00B07V0H27 and B07V0H2 respectively.

The ISIN number and SEDOL code for the 2017 ZDP Shares are GG00B5N4JV75 and B5N4JV7 respectively.

Transfer of US\$ Equity Shares and 2017 ZDP Shares

The transfer of Shares outside the CREST system should be arranged directly through the Registrar. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of a beneficial owner to CREST for share certificates or an uncertificated holding in definitive registered form. Shareholders who elect to take their Shares outside the CREST system following the issue of Placing Shares pursuant to the Acquisition and who do not elect for share certificates, will be allocated a Shareholder number on acceptance of their request and this, together with the Shareholder's personal details, will be proof of identity. The Shareholder number should be used for all future dealings by the Shareholder with the Company.

If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such Shares outside CREST, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Shares. Shareholders who are non-US Persons holding share certificates may elect at a later date to hold their Shares through CREST or in uncertificated form provided they surrender their share certificates.

Purchase and Transfer Restrictions

The Company has not been and will not be registered under the US Investment Company Act. In addition, the Shares have not been and will not be registered under the US Securities Act. The Placing Shares are only being offered outside the United States to non-US Persons in reliance on the exemption from registration provided by Regulation S under the US Securities Act. The Shares may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US Persons.

Each acquiror of Placing Shares will be deemed to have represented and agreed as follows (terms used below that are defined in Regulation S under the US Securities Act have the meanings given to them in Regulation S):

1. It and the person, if any, for whose account it is acquiring the Placing Shares are not US Persons and are acquiring the Placing Shares outside the United States in an offshore transaction meeting the requirements of Regulation S.
2. It understands and acknowledges that the Placing Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold in the United States or to US Persons.
3. It understands and acknowledges that the Company has not registered and will not register under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering, and to ensure that the Company is not required and will not be required to be registered under the US Investment Company Act.
4. It agrees that each Placing Share in certificated form will contain a legend substantially to the following effect unless otherwise agreed by the Company and the holder of the Placing Share in accordance with applicable law.

The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "US Investment Company Act"). In addition, the Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"). Consequently, this security may not be offered or sold or otherwise transferred within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act).

5. No portion of the assets used by such investors to purchase, and no portion of the assets used by such investors to hold, the Placing Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an employee benefit plan as defined in section 3(3) of ERISA (whether or not subject to the provisions of Title 1 of ERISA, but excluding plans maintained outside the US that are described in Section 4(b)(4) of ERISA); (ii) a plan, individual retirement account or other arrangement that is described in Section 4975 of the US Tax Code); (iii) an insurance company using general accounts assets, if such general account assets are deemed to include assets of any

of the foregoing types of plans, accounts or arrangements for the purposes of Title I of ERISA or Section 4975 of the US Tax Code; or (iv) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code.

6. It is acquiring the Placing Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Placing Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws.
7. If in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Placing Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal that might (in the opinion of the Directors) require the Company to register under the US Investment Company Act will be subject to the compulsory transfer provisions as provided in the Articles.
8. It has received, carefully read and understands the Prospectus, and has not distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Placing Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing and it understands that the Prospectus is subject to the requirements of the UK Listing Authority and the London Stock Exchange and the information therein, including any financial information, may be materially different from any disclosure that would be provided in a US offering.

Money laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company and its agents, the Registrar, the Managers and/or Liberum Capital may require evidence in connection with any application for Placing Shares, including further identification of the applicant(s), before any Placing Shares are issued.

The Managers reserve the right to request such information as is necessary to verify the identity of an investor and (if any) the underlying beneficial owner of a investor's Placing Shares in the Company. In the event of delay or failure by the investor to produce any information required for verification purposes, the Directors, in consultation with Liberum Capital and the Managers, may refuse to accept a subscription for Placing Shares, may cause the tender of, or refuse the transfer of Placing Shares of the Company held by any such Shareholder. The Directors, by written notice to any Shareholder, may suspend the tender offer requests of such Shareholder if the Directors, in consultation with the Managers and Liberum Capital, reasonably deem it necessary to do so to comply with anti-money laundering regulations applicable to the Company, the Managers, the Administrator or any of the Company's other service providers.

PART V

VALUATION POLICY AND METHODOLOGY

Valuation reporting policy

The Net Asset Value of the Company is calculated by the Administrator and published quarterly with the relevant Valuation Point being 5.00 p.m. (Guernsey time) on the last Business Day of the quarters ending 31 March, 30 June, 30 September and 31 December. Each quarterly Net Asset Value is published through an RIS within 30 Business Days of such quarter end.

Furthermore, the Company also calculates and publishes an estimated Net Asset Value monthly with the relevant Valuation Point being 5.00 p.m. (Guernsey time) on the last Business Day of each month. Each monthly Net Asset Value is published through a RNS announcement normally within 20 Business Days of such month end. Valuations produced by the Manager as at the relevant month end are conclusive and binding on all Shareholders. In addition to the planned reporting cycle described above, the Company and the Manager may, in their sole discretion, arrange for additional valuations to be published or extend the 20 Business Day period to cater for exceptional circumstances or significant new developments.

Private equity valuation methodology

The Board values the investments in the Private Equity Portfolio on the Managers' advice by following the recommendations of the British Venture Capital Association. For unquoted fund investments, the value is the most recent valuation placed on a fund by the respective private equity manager, although the Managers may recommend to the Board that an adjustment to such valuation be made if necessary to reflect changes in the value of publicly traded portfolio companies comprised in the relevant fund's portfolio and for cash flows between the Company and the fund(s) concerned which occur between the private equity manager's valuation date and the Company's quarterly valuation dates. The valuation policies used by many of the private equity managers in undertaking such valuations is generally in line with the recommendations of either the British Venture Capital Association or standard industry practice.

All valuations of fund interests include a provision for carried interest, where appropriate, payable to the relevant private equity sponsor.

While the Board's normal policy is to adopt the private equity manager's valuations and to reflect in the valuation of the Company Portfolio any adjustment to the valuation of their respective funds made by private equity sponsors, on occasions it may depart from this policy in the following circumstances:

- the Managers may recommend the Board not to adopt an upwards adjustment if in their opinion the adjustment made or proposed by the relevant private equity manager is not prudent;
- the Managers may recommend that the Board make a downward adjustment to the valuation of a fund interest in the Company Portfolio which has not been made or proposed by the private equity manager if they receive relevant information which has not been notified to them by the private equity manager or if they form a different and more cautious view than that held by the private equity manager; and
- the Managers may recommend that the Board make an upward adjustment to the valuation of a fund interest in the Company Portfolio which has not been made or proposed by the private equity manager if they receive relevant information that has occurred subsequent to the issuance of the general partner valuation, such as in cases of announcements of the pending public offering or sale of a portfolio company.

The above policies will constitute the ongoing private equity valuation policy for the Company.

Secondary Portfolios

The Company may acquire secondary interests at either a premium or a discount to the respective private equity sponsor's valuation by following the valuation guidelines of the British Venture Capital Association. The Company will maintain values for any secondary interests at the price at which they were purchased until the receipt of the first valuation report from the respective private equity sponsor after the date of acquisition, at which point the acquired interests will be valued according to the Company's standard ongoing valuation methodology.

The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a RIS.

PART VI

FINANCIAL INFORMATION

1. Statutory accounts for the financial years ended 30 June 2008, 30 June 2009 and 30 June 2010

Statutory accounts of the Company prepared in accordance with International Financial Reporting Standards for the financial years ended 30 June 2008, 30 June 2009 and 30 June 2010, in respect of which the Company's auditors, KPMG Channel Islands Limited, Chartered Accountants, of 20 New Street, Guernsey GY1 4AN, made unqualified reports, have been delivered to the Guernsey Financial Services Commission.

2. Published annual reports and accounts for the financial years ended 30 June 2008, 30 June 2009 and 30 June 2010

2.1 *Historical financial information*

The published annual reports and audited accounts of the Company for the financial years ended 30 June 2008, 30 June 2009 and 30 June 2010 (which have been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

	<i>Period ended 30 June 2008</i>	<i>Year ended 30 June 2009</i>	<i>Year ended 30 June 2010</i>
Income statement	40	39	39
Balance sheet	42	40	40
Cash flow statement	48	43	43
Statement of changes in Equity	45	41	41
Accounting policies	49 to 53	44 to 49	44 to 53
Notes to the financial statements	49 to 78	44 to 72	44 to 82
Audit report	37	37	37

2.2 *Selected financial information*

The key audited figures that summarise the financial condition of the Company in respect of the for the financial years ended 30 June 2008, 30 June 2009 and 30 June 2010, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part VI (unless otherwise indicated in the notes below the following table), are set out in the following table, and converted into Sterling at the rate prevailing at the end of the relevant period:

<i>Capital</i>	<i>As at 30 June 2008 £'000</i>	<i>As at 30 June 2009 £'000</i>	<i>As at 30 June 2010 \$'000</i>
Total assets	390,040	388,250	759,942
Total fixed assets (investments)	374,159	369,836	632,193
Total assets less current liabilities	383,453	379,638	774,276
Net assets	293,203	234,580	486,501
Net asset value per Equity Share	£0.92	£0.81	\$1.28
Net asset value per 2013 ZDP Share	51.31 pence	55.06 pence	59.09 pence
Net asset value per 2015 ZDP Share	—	50.93 pence	55.33 pence

<i>Earnings and Dividends</i>	<i>As at 30 June 2008</i>	<i>As at 30 June 2009</i>	<i>As at 30 June 2010</i>
Earnings per Equity Share	10.0p	(34.0p)	1 cent
Earnings per 2013 ZDP Share	—	—	—
Earnings per 2015 ZDP Share	—	—	—
Dividends per Equity Share	—	—	—
Dividends per 2013 ZDP Share	—	—	—
Dividends per 2015 ZDP Share	—	—	—
Dividend cover per Equity Share	—	—	—
Dividend cover per 2013 ZDP Share	—	—	—
Dividend cover per 2015 ZDP Share	—	—	—

Figures set out in the selected financial information are based on the exchange rates published by Bloomberg as at close of business on 30 June 2010.

3. **Published unaudited interim reports and financial statements for the financial periods ended 31 December 2009 and 31 December 2010**

3.1 ***Historical financial information***

The published unaudited interim report and financial statements for the financial periods from 30 June 2009 to 31 December 2009 and 30 June 2010 to 31 December 2010 (which have been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

<i>Nature of information</i>	<i>Period ended 31 December 2009</i>	<i>Period ended 31 December 2010</i>
Income Statement	13	16
Balance Sheet	14	17
Cash flow statement	17	20
Statement of Changes in Equity	15	18
Accounting policies	18	21
Notes to the financial statements	18 to 25	21 to 28

3.2 ***Selected financial information***

The key unaudited figures that summarise the financial condition of the Company in respect of the financial periods from 30 June 2009 to 31 December 2009 and 30 June 2010 to 31 December 2010, which have been extracted directly on a straightforward basis from the historical financial information referred to in paragraph 3.1 of this Part VI (unless indicated in the notes below the following table), are set out in the following table, and converted into Sterling at the rate prevailing at the end of the relevant period:

<i>Capital</i>	<i>As at 31 December 2009 £'000</i>	<i>As at 31 December 2010 \$'000</i>
Total assets	486,031	796,013
Total fixed assets (investments)	403,138	676,669
Total assets less current liabilities	481,564	776,374
Net assets	306,986	496,987
Net asset value per US\$ Equity Share	80.0p	\$1.30
Net asset value per 2013 ZDP Share	57.06p	61.23p
Net Assets per 2015 ZDP Share	53.10p	57.69p

3.3 ***Operating and financial review***

The published annual reports and audited accounts of the Company for the financial period from 1 July 2009 to 30 June 2010 (which have been incorporated in this document by reference) included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for each of those periods.

Chairman's statement	8
Managers' review	14
Portfolio review	21

3.4 *Incorporation by reference and availability of annual report and interim reports for inspection*

The following documents, each of which has been: (i) previously published; (ii) approved by the FSA or filed with or notified to it, shall be deemed to be incorporated in, and form part of, the Prospectus:

- the published annual reports and audited accounts of the Company for the for the financial years ended 30 June 2008, 30 June 2009 and 30 June 2010; and
- the published unaudited interim reports and financial statements for the financial periods from 30 June 2009 to 31 December 2009 and 30 June 2010 to 31 December 2010.

Copies of the above documents are available for inspection at the addresses set out in paragraph 17 of Part IX of this document.

3.5 *Related party transactions*

The Company has entered into the following related party transaction in the period from 1 July 2007 to the date of this document:

3.5.1 Mr Getschow, a Director of the Company, is also an employee BSAM Inc.

3.5.2 Mr Troy Duncan, a director of the Company between 12 October 2007 and 13 May 2009, was also an employee of BSAM Inc. at the time he was a director of the Company.

3.5.3 On 30 November 2007, the Company acquired a portfolio of 14 investments primarily focused on the distressed, turnaround and restructuring sector within the private equity market (the "**Distressed Transfer Portfolio**") from The Bear Stearns Companies Inc., an affiliate of BSAM Inc. The Directors believe the Distressed Transfer Portfolio benefits the Company in a number of ways as outlined in the circular provided to shareholders on 9 November 2007. An extraordinary general meeting was held on 28 November 2007 in which the Company's Shareholders approved the acquisition of the Distressed Transfer Portfolio.

3.5.4 On 11 March 2008, the Group acquired a secondary market interest in Bear Stearns Private Opportunity Ventures, L.P., a fund affiliated with BSAM Inc. The transfer and sale of the interest did not require approval of shareholders of the Company as the seller of the secondary market interest was an independent third party.

3.5.5 Other than Christopher Spencer who beneficially owns 30,067 US\$ Equity Shares, no Director holds directly or indirectly shares in the Group.

3.5.6 From 1 January 2011 Mr Ash is entitled to receive directors fees of £40,000 per annum (previously £25,000 per annum), Mr Loudon and Mr Spencer are each entitled to receive directors fees of £30,000 per annum (previously £20,000 per annum).

PART VII

POTENTIAL STRUCTURAL CONFLICTS OF INTEREST

General

The different rights and expectations of the share classes in issue from time to time may give rise to conflicts of interest between them. Holders of Issued ZDP Shares can be expected to have little or no interest in the revenue (if any) produced by the Company Portfolio save to the extent that the Company's operating costs exceed that revenue. Holders of Issued ZDP Shares will have the expectation that the capital value of the Company Portfolio will be sufficient to repay the 2013 Final Capital Entitlement or the 2015 Final Capital Entitlement or the 2017 Final Capital Entitlement (as applicable) of the relevant Issued ZDP Shares on the 2013 Final Capital Entitlement Date or the 2015 Final Capital Entitlement Date or the 2017 Final Capital Entitlement Date (as applicable) but can be expected to have no interest in any growth in capital in excess of that pre-determined amount. Conversely, holders of Equity Shares will, by virtue of the geared nature of their investment, be interested in both increases in the capital value of the Company Portfolio in the period up to the 2013 Final Capital Entitlement, 2015 Final Capital Entitlement Date and the 2017 Final Capital Entitlement Date in excess of the 2013 Final Capital Entitlement, the 2015 Final Capital Entitlement and/or the 2017 Final Capital Entitlement respectively, of the Issued ZDP Shares (since this will form the basis of capital returns to be made in respect of the Equity Shares) and in the revenue that the Company Portfolio produces (and hence the level of distributions which will be capable of being paid on the Equity Shares). However, Equity Shareholders should note that achieving income is only a secondary objective of the Company.

Whilst the Company's investment objective and policy will need to seek to balance the interests of Equity Shareholders in maximising capital growth (with income as a secondary objective) with the interests of the holders of Issued ZDP Shares in meeting their expected pre-determined 2013 Final Capital Entitlement or 2015 Final Capital Entitlement or 2017 Final Capital Entitlement (as applicable) with as little capital risk as possible (and with little focus on revenue generation other than to meet the Company's operating expenses), there can be no guarantee that such a balance can be achieved. Given the entitlement of Equity Shareholders to the net revenue profits (including accumulated but unpaid revenue reserves, if any) of the Company on a winding up, the Company may continue to pay distributions in circumstances where the 2013 Final Capital Entitlement of the 2013 ZDP Shareholders and/or the 2015 Final Capital Entitlement of 2015 ZDP Shareholders and/or the 2017 Final Capital Entitlement of 2017 ZDP Shareholders may not or cannot be met.

If there is a material fall in the capital value of the Company Portfolio such that the 2013 Final Capital Entitlement of the 2013 ZDP Shares and/or the 2015 Final Capital Entitlement of 2015 ZDP Shareholders and/or the 2017 Final Capital Entitlement of 2017 ZDP Shareholders is significantly uncovered, the Directors may find it impossible to meet fully the expectations of both classes of Shareholder. In such circumstances, the Directors will need to act in a manner which they consider to be fair and equitable to both classes of Shareholders but having regard to the entitlements of each class of Shares under the Articles.

If there is a material fall in the value of the assets in the Company Portfolio, the Company may find that its asset base is so small that it is impracticable for the Company to continue in existence. For instance, this may occur if the Company's operating costs significantly exceed its income and no prospect of recovery in asset values can be expected within a reasonable period. In this event, the Directors may resolve that the Company should be wound up voluntarily and will then convene an extraordinary general meeting for that purpose. In that event, the Directors will instruct the Managers to commence an orderly realisation of the investments of the Company and to distribute the proceeds of such realisations to Shareholders as they become available. It is envisaged that this orderly realisation process may take up to 3 years following its commencement.

Equity Shares

The Company's capital structure is such that the underlying value of assets in the Company Portfolio attributable to the Equity Shares will be geared by the performance of the assets in the Company Portfolio relative to the rising capital entitlements of the Issued ZDP Shares. Accordingly, a positive Net Asset Value for the Equity Shareholders will be dependent upon the assets in the Company Portfolio being sufficient to meet those prior entitlements. The Equity Shares rank for repayment of capital after the Issued ZDP Shares and any bank finance which may be in place from time to time. Potential Equity Shareholders should understand they may receive an amount less than the price paid for their Shares, or even no payment at all.

The Equity Shareholders will be entitled to all the income of the Company attributable to their particular class after fees, expenses and tax resolved by the Directors to be distributed and to all accumulated but unpaid revenue reserves. Any distributions in respect of the Equity Shares will depend on growth in the Company Portfolio.

Existing and potential investors are reminded that achieving income on the Equity Shares is only a secondary objective of the Company. The Company's policy of charging fees and expenses wholly to revenue account will reduce the amount of the Company's revenue available for the payment of distributions. A reduction of income from the investments in the Company Portfolio would adversely affect distributions in respect of the Equity Shares. Such a reduction could arise, for example, from lower rates of distributions received in respect of the investments in the Company Portfolio. Falls in the value of its investments could result in cuts in distributions made by the Company.

The presence of the Issued ZDP Shares in the capital structure of the Company represents leverage for the Equity Shares which will magnify the effect of any gains or losses made in respect of the Company Portfolio during its life. The effect of different rates of compound annual growth in Total Assets as to Equity Shares is illustrated under Risk Factors, "Risks relating to the Equity Shares" on pages 31 and 32 of this document. The Net Asset Value of the Equity Shares will be determined by the performance of the Company Portfolio as geared by the capital entitlement of the Issued ZDP Shares. Equity Shareholders will benefit from any out-performance and will suffer any under-performance in respect of the Company Portfolio.

Any change in the tax treatment of dividends paid to, income received by or capital returned to the Company may reduce the dividends or other distributions paid to the holders of the Equity Shares. Any change in the tax treatment of distributions made to, or dividends paid to the holders of Equity Shares may have adverse taxation consequences for such holders.

Issued ZDP Shares

The factors affecting the value of the investments in the Company Portfolio described under "Equity Shares" above are relevant also to the Issued ZDP Shares.

The market value of the Issued ZDP Shares from time to time will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the Issued ZDP Shares.

The Issued ZDP Shares, whilst ranking prior to the Equity Shares in respect of the repayment of up to 73.0 pence per 2013 ZDP Share, 87.30 pence per 2015 ZDP Share and, subject to Admission occurring, 65 pence per 2017 ZDP Share from the assets in the Company Portfolio, rank behind any borrowings made by the Company that remain outstanding. In the event that the Company is wound-up prior to the 2013 Final Capital Entitlement Date, holders of 2013 ZDP Shares will rank in priority to holders of 2015 ZDP Shares and holders of 2015 ZDP Shares will rank in priority to holders of 2017 ZDP Shares for amounts owing to them. In the event that the Company is wound-up after the 2013 Final Capital Entitlement Date but prior to the 2017 Final Capital Entitlement Date, holders of 2015 ZDP Shares will rank in priority to holders of 2017 ZDP Shares for amounts owing to them. In addition, the holders of Equity Shares are entitled to all the net revenue profits (including accumulated but unpaid revenue reserves) of the Company on a winding-up (after payment of all amounts due to creditors and payment of winding-up expenses) or on the 2013 Final Capital Entitlement Date or on the 2015 Final Capital

Entitlement Date or on the 2017 Final Capital Entitlement Date, even in circumstances where the Company has insufficient assets in the Company Portfolio to pay the Net Asset Value or 2013 Final Capital Entitlement or 2015 Final Capital Entitlement or 2017 Final Capital Entitlement, as the case may be, to the holders of 2013 ZDP Shares or 2015 ZDP Shares or 2017 ZDP Shares (as applicable) in full. Accordingly, the Company's net revenue profits (including accumulated but unpaid revenue reserves) will not be available to holders of Issued ZDP Shares and the Company may continue to pay distributions in circumstances where the Issued ZDP Shares are uncovered or where the holders of Issued ZDP Shares have little or no prospect of receiving their Net Asset Value or 2013 Final Capital Entitlement or 2015 Final Capital Entitlement or 2017 Final Capital Entitlement, as the case may be.

The 2013 Final Capital Entitlement of 73.0 pence for a 2013 ZDP Share, the 2015 Final Capital Entitlement of 87.30 pence for a 2015 ZDP Share and the 2017 Final Capital Entitlement of 107.1 pence for a 2017 ZDP Share, are not guaranteed repayment amounts. On a return of assets, including on a winding-up of the Company, holders of Issued ZDP Shares would only receive their accrued entitlement if there are sufficient surplus assets of the Company (less any prior charges and winding-up expenses and less the revenue profits (including accumulated revenue reserves) of the Company) to the date of winding-up or return of such assets.

PART VIII

GENERAL INFORMATION

1. History

- 1.1 The Company was incorporated and registered in Guernsey on 28 April 2005 under the Companies Law with registered number 43107 with the name Bear Stearns Private Equity Limited. On 13 October 2008, the Company changed its name to J.P. Morgan Private Equity Limited. The Company is domiciled in Guernsey and operates under the Companies Law and the ordinances and regulations made thereunder. The Company is regulated by the Guernsey Financial Services Commission. The Company's registered office is at Arnold House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 3NF and its telephone number at its registered office is +44 (0) 1481 759000.
- 1.2 The Company is an Authorised Closed Ended Investment Scheme authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and as such the Company is authorised and regulated by the Guernsey Financial Services Commission. Neither the States of Guernsey Policy Council nor the Guernsey Financial Services Commission take any responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.
- 1.3 The Board as a whole fulfils the function of an audit committee in relation to, amongst other things, monitoring the internal controls of the Company and its service providers, reviewing the financial statements of the Company, monitoring the independence of the auditor and the effectiveness of the audit process and reviewing the findings of the auditor.
- 1.4 The Board as a whole fulfils the function of a remuneration committee in relation to the setting and periodic review of the fees of the Directors and the Chairman, taking into account, amongst other factors, prevailing market conditions and the need to attract to the Board, and retain thereafter, suitable persons.
- 1.5 The Company will comply with any corporate governance obligations that apply to Guernsey incorporated companies from time to time. Currently, there are no such obligations which apply to the Company in Guernsey.
- 1.6 The Listing Rules require that the Company must "comply or explain" against the UK Corporate Governance Code. In addition, the DTRs require the Company to (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements. The Directors recognise the value of the UK Corporate Governance Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the UK Corporate Governance Code. The areas of non-compliance by the Company with the UK Corporate Governance Code are as follows:
 - The UK Corporate Governance Code recommends that Directors should be appointed for a specified period. The Board has resolved that Directors' appointments need not comply with this requirement as all Directors are non-executive and their respective appointments can be terminated at any time without penalty.
 - The Board as a whole fulfils the function of an audit committee, a remuneration committee and a nomination committee. The Board considers that, given its size and the size of the Group, it would not be appropriate to establish a separate audit committee, remuneration committee or nomination committee.
- 1.7 The City Code applies to the Company. Under the City Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the

Panel) to make a cash offer for the Shares not already owned by the acquirer and its concert parties (if any) at a price not less than the highest price paid for Shares by the acquirer or its concert parties (if any) during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of Shares by a person holding (together with its concert parties, if any) Shares carrying at least 30 per cent. but not more than 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

- 1.8 HSBC Management (Guernsey) Limited has been appointed by the Directors as Administrator and Company Secretary pursuant to the Administration and Company Secretarial Agreement, a summary of which is set out in paragraph 8(b) of this Part IX. In such capacity, the Administrator will be responsible for the general secretarial functions required by the Laws and for assisting and advising the Directors to ensure that the Company complies with its continuing obligations as a company listed on the premium segment and the standard segment of the Official List. The Administrator will also be responsible for the Company's general administrative functions such as the calculation of the Net Asset Value and the maintenance of accounting records. The Administrator will receive, from the Company, customary fees for its services (as set out on page 76 of this document).
- 1.9 As a listed investment company, the Company is not a regulated fund in the United Kingdom but is subject to the Listing Rules of the FSA applicable to closed-end investment companies.

2. Significant change statement

- 2.1 As at 30 June 2011, the unaudited NAV per US\$ Equity Share was US\$1.34, the NAV per 2013 ZDP Share was 63.4p and the NAV per 2015 ZDP Share was 60.1p. Save for an increase in the Net Asset Value of the US\$ Equity Shares of US\$0.04 (3.1 per cent.), an increase in the Net Asset Value of the 2013 ZDP Shares of 2.2p (3.6 per cent.) and an increase in the Net Asset Value of the 2015 ZDP Shares of 2.4p (4.2 per cent.) since 31 December 2010 (the date to which the Company has last published unaudited financial statements) to the date of this document, there has been no significant change in the financial or trading position of the Company or its Group since 31 December 2010 (being the date to which unaudited financial statements have last been published).
- 2.2 There has been no material adverse change in the prospects of the Company or its group since 31 December 2010, being the date to which unaudited financial statements have last been published.

3. Share capital

- (a) As at the date of this document, the share capital of the Company is divided into 100 shares of £1 each ("**Founder Shares**") and an unlimited number of redeemable participating preference shares of no par value which may be issued and designated as US\$ Equity Shares, Sterling Equity Shares, Euro Equity Shares, 2013 ZDP Shares, 2015 ZDP Shares or any other class of shares (denominated in any currency) as may be determined by the Directors in accordance with the Articles. As at the date of this document, the Company has in issue 356,879,443 US\$ Equity Shares, 63,312,305 2013 ZDP Shares and 68,592,306 2015 ZDP Shares. On 18 August 2009, the Company also issued 58,075,764 Warrants which may be converted, on a one for one basis, into US\$ Equity Shares on the terms summarised in Part I of this document. Changes to the Company's share capital since 1 July 2007 are set out below.
- (b) On 17 August 2007, the Company redeemed 195,000 US\$ Equity Shares at US\$1.3303 per share for a total consideration of US\$259,350.
- (c) On 20 August 2007, the Company redeemed 300,000 US\$ Equity Shares at US\$1.35 per share for a total consideration of US\$405,000.
- (d) On 21 August 2007, the Company redeemed 160,000 US\$ Equity Shares at US\$1.37 per share for a total consideration of US\$219,200.

- (e) On 22 August 2007, the Company redeemed 100,000 US\$ Equity Shares at US\$1.39 per share for a total consideration of US\$139,000.
- (f) On 23 August 2007, the Company redeemed 50,000 US\$ Equity Shares at US\$1.40 per share for a total consideration of US\$70,000.
- (g) On 24 August 2007, the Company redeemed 325,000 US\$ Equity Shares at US\$1.4369 per share for a total consideration of US\$466,992.50.
- (h) On 29 January 2008, the Company accepted tender offers for 25,025,860 Equity Shares at US\$1.70 per share for a total consideration of US\$42,543,962 and 274,822 2013 ZDP Shares at £0.4985 per share for a total consideration of £136,146.82.
- (i) On 7 April 2008 the Company sold from treasury 17,847,750 US\$ Equity Shares at US\$1.72 per share for a total consideration of US\$30,698,130.
- (j) On 11 April 2008 the Company sold from treasury 5,780,346 US\$ Equity Shares at US\$1.73 per share for a total consideration of US\$9,999,999.
- (k) On 2 May 2008 the Company issued 8,743,857 Equity Shares at US\$1.75 per share for a total consideration of US\$15,301,750.
- (l) On 6 June 2008, the Company accepted tender offers for 18,478,066 US\$ Equity Shares at US\$1.85 per share for a total consideration of US\$34,184,422 and 1,233,836 2013 ZDP Shares at £0.5131 per share for a total consideration of £633,081.
- (m) On 2 September 2008 the Company issued 5,947,165 2013 ZDP Shares and sold 1,508,658 2013 ZDP Shares from treasury at £0.525 per share for a total consideration of £3,914,307.
- (n) On 23 September 2008 the Company sold from treasury 9,606,918 Equity Shares at US\$1.82 per share for a total consideration of US\$17,484,591.
- (o) On 19 December 2008, the Company issued 14,625,650 2015 ZDP Shares at 50 pence per share for a total consideration of £7,312,825.
- (p) On 4 February 2009, the Company accepted tender offers for 9,221,294 US\$ Equity Shares at US\$1.71 per share for a total consideration of US\$15,768,412.74 and 2,051,508 2013 ZDP Shares at £0.5317 per share for a total consideration of £1,090,786.80.
- (q) On 17 March 2009, the Company issued 1,462,564 2013 ZDP Shares at 51.25 pence per share for a total consideration of £749,564.00.
- (r) On 16 July 2009, the Company issued 36,926,479 US\$ Equity Shares at US\$1.00 per share for a total consideration of US\$3,550,000.
- (s) On 17 July 2009, the Company issued 3,550,000 US\$ Equity Shares at US\$1.00 per share for a total consideration of US\$3,550,000.
- (t) On 31 July 2009, the Company issued 12,812,050 US\$ Equity Shares at US\$1.00 per share for a total consideration of US\$12,812,050.
- (u) On 7 August 2009, the Company issued 6,234,583 US\$ Equity Shares at US\$1.00 per share for a total consideration of US\$6,234,583.
- (v) On 12 August 2009, the Company issued 12,760,580 US\$ Equity Shares and sold 2,943,306 US\$ Equity Shares from treasury at US\$1.00 per share for a total consideration of US\$315,703,886.
- (w) On 18 August 2009, the Company issued 58,075,764 Warrants.
- (x) On 28 August 2009, the Company issued 1,276,070 US\$ Equity Shares and sold 1,868,896 US\$ Equity Shares from treasury at US\$1.00 per share for a total consideration of US\$3,144,965.
- (y) On 24 September 2009, the Company issued 127,607 US\$ Equity Shares and sold 14,977,103 US\$ Equity Shares from treasury at US\$1.00 per share for a total consideration of US\$15,104,710.

- (z) On 17 November 2009, the Company issued 53,333,333 2015 ZDP Shares at a price of 56.25p per share for a total consideration of £30,000,000.
- (aa) On 14 April 2010, the Company issued 134,617 US\$ Equity Shares pursuant to the exercise of 134,617 Warrants at a subscription price of US\$1.35 per US\$ Equity Share.
- (bb) On 2 July 2010, the Company issued 12,224 US\$ Equity Shares pursuant to the exercise of 12,224 Warrants at a subscription price of US\$1.35 per US\$ Equity Share.
- (cc) On 5 October 2010, the Company issued 14,744 US\$ Equity Shares pursuant to the exercise of 14,744 Warrants at a subscription price of US\$1.37 per US\$ Equity Share.
- (dd) On 25 February 2011, pursuant to a tender offer the Company accepted 11,036,942 US\$ Equity Shares at a price of US\$ 1.30 per share, 55,011 2013 Zero Dividend Preference Shares at a price of £0.6123 per share and 829,241 2015 Zero Dividend Preference Shares at a price of £0.5769 per share and held them in treasury.
- (ee) On 21 April 2011, the Company issued 16,667 US\$ Equity Shares pursuant to the exercise of 16,667 Warrants at a subscription price of US\$1.37 per US\$ Equity Share.
- (ff) On 5 July 2011, the Company issued 1,593 US\$ Equity Shares pursuant to the exercise of 1,593 Warrants at a subscription price of US\$1.37 per US\$ Equity Share.
- (gg) The Company currently holds 11,036,914 US\$ Equity Shares, 2,106,519 2013 ZDP Shares and 829,241 2015 ZDP Shares in treasury.
- (hh) As at the date of this document, the issued share capital (all of which is fully paid-up) is as follows:

	<i>Issued</i>	
	<i>No. of Shares</i>	<i>£ Nominal</i>
Founder Shares	100	100
US\$ Equity Shares	356,879,443	Nil
Euro Equity Shares	—	—
Sterling Equity Shares	—	—
2013 ZDP Shares	63,312,305	Nil
2015 ZDP Shares	68,592,306	Nil

Assuming that 44,727,053 US\$ Equity Shares and 30,410,753 2017 ZDP Shares are issued in connection with the Acquisition, the maximum issued share capital of the Company (all of which will be fully paid-up) immediately following Admission will be as follows:

	<i>Issued</i>	
	<i>No. of Shares</i>	<i>£ Nominal</i>
Founder Shares	100	100
US\$ Equity Shares	401,606,496	Nil
Euro Equity Shares	—	—
Sterling Equity Shares	—	—
2013 ZDP Shares	63,312,305	Nil
2015 ZDP Shares	68,592,306	Nil
2017 ZDP Shares	30,410,753	Nil

- (ii) As at the date of this document and save as disclosed in this paragraph 3 since 1 July 2007 there has been no change to the share capital of the Company, no warrants or share or loan capital of the Company has been issued or agreed to be issued and no such warrants or share or loan capital of the Company is proposed to be issued or is under option or agreed conditionally or unconditionally to be put under option.
- (jj) As at the date of this document, the Company, save as disclosed in the section “Current Borrowings and Unfunded Obligations” on page 50 of Part I above, has no loan capital (whether outstanding or created but unissued), term loans or other borrowings or indebtedness in the nature of

borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, finance lease commitments, hire purchase commitments, mortgages, charges, guarantees or other contingent liabilities.

- (kk) Save as disclosed in this document, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital.
- (ll) A resolution of Shareholders of the Company passed on 5 September 2008 granted the Directors general and unconditional authority for a period of five years to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any security into, up to an aggregate amount of two billion US\$ Equity Shares, 2013 ZDP Shares, 2015 ZDP Shares or C Shares. In accordance with the power granted to the Board by the Articles, it is expected that the Placing Shares will be allotted pursuant to a resolution of the Board to be passed on or around 9 September 2011 conditional upon Admission. There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of any class of Shares. There are, however, pre-emption rights contained in the Articles but they have been partially disapplied until the time of the Company's annual general meeting to be held in 2012. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at each subsequent annual general meeting of the Company.
- (mm) The Shares will all be in registered form. Shares may be held in certificated or uncertificated form, provided however, that the Company may specify in any prospectus, or otherwise, published in connection with any increase in the Company's share capital, that US Persons participating in such share capital increase be issued shares in certificated form only.
- (nn) No Shares have been or will be issued partly paid-up, and no Shares have been issued or agreed to be issued for consideration otherwise than in cash.

4. Memorandum and Articles of Incorporation

Save as disclosed below, the Articles of the Company do not contain any restriction on the investment powers of the Company. Existing and potential investors' attention is, however, drawn to the "Investment policy" section set out in Part II of this document and the "Investment and other restrictions of the Company" section set out at paragraph 12 of this Part IX below.

In this paragraph 4 only, "shares" shall mean a share of whatever description in the capital of the Company.

The Articles are available for inspection at the addresses specified in paragraph 16 below. The following section is a summary of certain of the provisions of the Articles.

This summary of the Articles should be read in conjunction with the summary of the terms of the 2017 ZDP Shares in Part III of this document.

(a) *Rights as to income*

- (i) The Founder Shares confer the right to receive out of the profits of the Company available for distribution as dividend and from time to time resolved to be distributed a fixed cumulative preferential dividend at the annual rate of 0.01 per cent. on the nominal amount of each of the shares, payable annually in arrears on 30 June (or, if not a Business Day, the next following Business Day) in respect of the twelve-month period ending on such date (except that the first dividend on any Founder Share will be payable in respect of the period starting on the day after the date of allotment thereof and ending on that date). For so long as there are Equity Shares in issue, the Founder Shares do not confer any further right to participate in the Company's profits.
- (ii) Subject to the rights of the holders (if any) of the Founder Shares and to any specific rights attributable to any class or classes of shares as described in a circular or prospectus published by the Company from time to time relating to those shares, each class of Equity Share entitles the holder thereof to receive in proportion to their holdings all the revenue profits of the Company (including accumulated revenue reserves) attributable to such class of Equity Share which are available for distribution and from time to time determined to be distributed by way of interim and/or final dividends and at such times as the Directors may determine.

- (iii) The Issued ZDP Shares carry no rights to receive dividends out of the revenue or any other profits of the Company.
- (b) ***Rights as to capital***
- (i) On a return of capital or other return of assets of the Company on the 2013 Final Capital Entitlement Date or on the 2015 Final Capital Entitlement Date or on winding up or otherwise (other than conversion, tender pursuant to the half-yearly Tender Offer Facility described in paragraph 4(f) below and the Equity Share Annual Distribution or purchase of Shares), the assets of the Company available for distribution to Shareholders after payment of all of the Company's liabilities in full will be applied as follows (and in each case distributed among the holders of Shares of each class rateably according to amounts paid up on such Shares held by them):
 - (a) first, any undistributed income of the Company (including any current year and accumulated revenue reserves) shall be paid to the holders of each class of Equity Shares in proportion to their holdings to the extent that such undistributed income standing to the credit of the Company is attributable to the Shares held by them;
 - (b) second, there shall be paid *pro rata* to holders of the Zero Dividend Preference Shares an amount equal to 41.5 pence per Zero Dividend Preference Share as increased daily at such daily compound rate as would give a final entitlement of 73.0 pence on 28 June 2013, the first such increase occurring on the day the 2013 ZDP Shares are admitted to trading on the London Stock Exchange's main market after 18.00 hours on that day and the last on 28 June 2013;
 - (c) third, there shall be paid to 2015 ZDP Shareholders an amount equal to 48.75 pence per 2015 ZDP Share as increased daily at such daily compound rate as would give a final entitlement of 87.30 pence on 31 December 2015, the first such increase occurring on the day the 2015 ZDP Shares are admitted to trading on the London Stock Exchange's main market after 18.00 hours on that day and the last on 31 December 2015;
 - (d) fourth, there shall be paid to the holders of the Founder Shares in respect of each such share the amount paid up or treated as paid up thereon; and
 - (e) fifth, subject to paragraph 4(q) below, there shall be paid to the holders of each class of Equity Shares in proportion to their holdings the surplus assets of the Company available for distribution to the extent that such surplus assets are attributable to the relevant class of Equity Shares.;
- (c) ***Rights as to voting***
- (i) The rights as to voting are as set out below.
 - (a) The Equity Shareholders shall have the rights to receive notice of, attend and vote at any general meeting of the Company. Whenever the holders of Equity Shares are entitled to vote at a general meeting of the Company, upon any resolution proposed at such a general meeting on a show of hands every holder thereof who is present in person (or being a corporation, by a duly authorised representative) shall have one vote and on a poll every holder thereof who is present in person or by proxy (or being a corporation, by a duly authorised representative) shall have one vote in respect of each Equity Share held by him.
 - (b) The Issued ZDP Shareholders shall have the right to receive notice of, attend and vote at any general meeting of the Company, save in respect of any general meeting of the Company at which either a resolution relating to 2013 ZDP Refinancing or a Continuation Resolution is proposed in accordance with paragraph 4(q) below. Whenever the holders of Issued ZDP Shares are entitled to vote at a general meeting of the Company, upon any resolution proposed at such a general meeting, on a show of hands every holder thereof who is present in person (or being a corporation, by a

duly authorised representative) shall have one vote and on a poll every holder thereof who is present in person or by proxy (or being a corporation, by a duly authorised representative) shall have one vote in respect of each Issued ZDP Share held by him.

- (ii) Subject to paragraph 4(c)(iii) and 4(c)(iv) below, the Company shall not, without the previous sanction of an extraordinary resolution of the holders of each class of the Issued ZDP Shares and each class of Equity Shares in issue from time to time respectively passed at a separate general meeting of such classes convened and held in accordance with the provisions of the Articles:
- (a) issue further shares or securities or rights to subscribe for or to convert or exchange any securities into shares or securities or reclassify any shares unless the ZDP Test and the Equity Test are satisfied and provided further that the previous sanction of an extraordinary resolution of the holders of the Issued ZDP Shares alone shall be required where the ZDP Test is not met and the previous sanction of an extraordinary resolution of the holders of the Equity Shares alone shall be required where the Equity Test is not met;
 - (b) pass a resolution amending the Article summarised under “Duration of the Company” at paragraph 4(q) below or releasing the Board from its obligation to redeem the Issued ZDP Shares on the 2013 Final Capital Entitlement Date or the 2015 Final Capital Entitlement Date in accordance with paragraphs 4(e)(i) and 4(e)(ii) below;
 - (c) other than for the redemption of Issued ZDP Shares provided for in paragraphs 4(e)(i) and 4(e)(ii) below, pass a resolution to reduce the capital of the Company in any manner, including any resolution authorising the Board to purchase or redeem shares in the Company save that the Company may without such sanction take authority to make, and effect purchases or redemptions of its own shares in circumstances where (i) redemption requests are made by intermediaries whose terms of business with their customers provide for the payment of commissions or fees by the customer to the intermediary by way of a realisation of a part of that customer’s holding of shares or (ii) where the ZDP Test and the Equity Test are met and provided further that the previous sanction of an extraordinary resolution of holders of each class of Issued ZDP Shares alone shall be required in respect of such a purchase or redemption where the ZDP Test is not met and the previous sanction of an extraordinary resolution of the holders of the Equity Shares alone shall be required where the Equity Test is not met;
 - (d) pass a resolution for the voluntary winding-up of the Company, such winding-up to take effect prior to 31 December 2015 or, if that day is not a business day, the preceding business day;
 - (e) alter any object set out in the Memorandum of Incorporation of the Company;
 - (f) increase the borrowing limit contained in the Articles;
 - (g) make any material change to the Company’s investment policy;
 - (h) make any material change to the proportions in which management expenses and finance costs are charged to the Company’s revenue account and capital reserves; or
 - (i) pass any resolution which authorises the Directors to pay a dividend or other distribution out of the capital reserves of the Company if to do so would cause the ZDP Test not to be met provided that the Company may make a purchase or redemption of Shares permitted under paragraph 4(c)(ii)(c) above;

or, in respect of the following matters, without the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the Equity Shares:

- (j) pass a resolution for the capitalisation of any profits or reserves of a revenue nature of the Company;

- (k) pass a resolution amending the provisions of the Articles summarised in paragraph 4(c)(i) or paragraph 4(q); or
- (l) alter the Company's accounting reference date from 30 June.

or, without the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class of share, pass any resolution to vary, modify or abrogate any of the special rights or privileges attached to that class of share.

For the purposes of this paragraph 4(c)(ii), the “**ZDP Test**” is that the Directors shall have calculated that, were the further shares to be issued, the rights of subscription, conversion or exchange to be immediately issued and/or exercised or the reclassification, redemption or purchase of own shares to take place on the date specified by the Directors for such calculation (the “**Calculation Date**”) the relevant class of Issued ZDP Shares in issue immediately thereafter would have a Cover not less than, in the case of paragraph 4(c)(ii)(a), the lower of (i) the Cover on the relevant class of Issued ZDP Shares, had such Cover been calculated immediately prior to the Calculation Date (the “**Prior Cover**”) and (ii) 1.3 times, or in the case of paragraph 4(c)(ii)(c), 1.3 times. For this purpose, the Cover on the relevant class of Issued ZDP Shares, shall be the multiple representing a fraction in which the numerator is equal to the net assets of the Company at the end of the immediately preceding month (valued by the Company's investment manager) excluding any current year and accumulated revenue reserve and the denominator is equal to the amount which would be payable to the holders of the relevant class of 2013 ZDP Shares, in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or *pari passu* therewith) on the 2013 Final Capital Entitlement Date or the 2015 Final Capital Entitlement Date (as appropriate). In calculating such Cover and Prior Cover, the Directors shall:

- (i) use the net assets value figure published by the Company at the end of the immediately preceding month;
- (ii) (save where calculating Prior Cover) assume that the share capital or rights proposed to be issued or the shares arising on reclassification or to be redeemed or purchased had been issued, exercised, reclassified, redeemed and/or purchased at the end of the month prior to the Calculation Date;
- (iii) (save where calculating Prior Cover) adjust the net assets at the end of the said month by adding the minimum net consideration (if any) which would be received upon such issue and/or exercise and by deducting any consideration payable on any such redemption or purchase;
- (iv) (save where calculating Prior Cover) take account of the capital entitlements to be attached to the new (or reclassified) shares or securities or rights;
- (v) (save where calculating Prior Cover) aggregate the capital entitlements of the relevant class of existing Issued ZDP Shares and the capital entitlements of any new shares in the relevant class of Issued ZDP Shares (or any other shares ranking as to capital in priority thereto or *pari passu* therewith) to be issued or reclassified as aforesaid, in each case as at the Calculation Date; and
- (vi) make such other adjustments as they consider appropriate.

The “**Equity Test**” is that the Directors shall have calculated on such bases and assumptions as they in their absolute discretion consider appropriate that such shares or rights would be issued, reclassified, purchased or redeemed at prices such that the Net Asset Value attributable to an Equity Share immediately after such issue, exercise, reclassification, redemption or purchase be not less than the Net Asset Value attributable to such an Equity Share immediately prior to such issue, exercise, reclassification, redemption or purchase, in each

case assuming such shares or rights to be issued or exercised, reclassified, redeemed or purchased as at the date prior to that on which such issue, exercise, reclassification, redemption or purchase is finally approved by the Board.

For the purposes of this paragraph 4(c)(ii) any Calculation Date selected by the Directors shall not be more than 120 days prior to the proposed date of issue of such shares or rights, reclassification, redemption or purchase;

- (iii) Notwithstanding paragraphs 4(c)(i) and (ii) above, if any offer is made (whether by the Company or any other person, and including proposals for a reduction of capital or a share repurchase or redemption) to all the holders of a class of Issued ZDP Shares (other than the offeror and/or persons acting in concert with the offeror) which becomes or is declared unconditional in all respects prior to 28 June 2013 (in respect of the 2013 ZDP Shares and the 2015 ZDP Shares) or between 28 June 2013 and 31 December 2015 (in respect of the 2015 ZDP Shares only) and which enables the holder of the relevant class of Issued ZDP Shares to receive no later than 19 July 2013 (in the case of 2013 ZDP Shares) or 21 January 2016 (in the case of 2015 ZDP Shares) an amount in cash not less than that to which such holders would otherwise have been entitled on a redemption of their relevant class of Issued ZDP Shares or on a winding-up of the Company in each case on 28 June 2013 (in the case of 2013 ZDP Shares) or 31 December 2015 (in the case of 2015 ZDP Shares) (whether or not such offer is accepted in any particular case and ignoring any option to receive alternative consideration) and such offer is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable then the provisions of paragraph 4(c)(v) below shall apply to the holders of the relevant class of Issued ZDP Shares in relation to any resolution or resolutions proposed at any general meeting of the Company or at any separate meeting of the relevant class(es) and recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable (a “**Recommended Resolution**”) save that the provisions of paragraph 4(c)(v) below shall cease as regards such Shareholders if either the Board considers that the aforementioned offer is unlikely to be honoured or the offeror breaches a material term of the offer or otherwise manifests an intention not to implement the offer.
- (iv) Notwithstanding paragraphs 4(c)(i) and (ii) above if at any time on or before 28 June 2013 (in respect of 2013 ZDP Shares and the 2015 ZDP Shares) or between 28 June 2013 and 31 December 2015 (in respect of 2015 ZDP Shares only) a resolution (a “**Reconstruction Resolution**”) is proposed at any general meeting of the Company or at any separate meeting of the holders of the relevant class of Issued ZDP Shares (including any meeting to be convened to consider the winding-up of the Company) to sanction any form of arrangement involving the winding-up of the Company, or the reclassification, redemption, purchase or repurchase of the relevant class of Issued ZDP Shares and which in any such case enables all holders of the 2013 ZDP Shares to receive, no later than 19 July 2013 (in the case of 2013 ZDP Shares) or 21 January 2016 (in the case of 2015 ZDP Shares) an amount in cash not less than that to which such holders would otherwise have been entitled on winding-up of the Company in accordance with the Articles on 28 June 2013 (in the case of 2013 ZDP Shares) or 31 December 2015 (in the case of 2015 ZDP Shares) then (ignoring any option to receive their entitlements otherwise than in cash) provided such arrangement is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable the provisions of paragraph 4(c)(v) below shall apply to the holders of the relevant class of Issued ZDP Shares in relation to such resolution(s) save that such provisions shall cease as regards such Shareholders if the arrangement is not implemented in accordance with its terms.
- (v) Where this paragraph 4(c)(v) applies in respect of any resolution, the holders of the relevant class of Issued ZDP Shares present in person, by a duly authorised representative (if a corporation) or by proxy and entitled to vote and who shall vote in favour of such resolution shall collectively have four times the number of votes cast against any such resolution and

the previous sanction of an extraordinary resolution of the holders of the relevant class of Issued ZDP Shares shall not be required in any case where it would otherwise be required by the Articles and where such previous sanction is required in any case by the Companies Law all holders of such Shares present in person, by corporate representative or by proxy and entitled to vote at the relevant meeting and who shall vote in favour of any resolutions recommended by the Board shall collectively have four times the number of votes cast against any such resolutions. The vote on any Recommended Resolution or Reconstruction Resolution shall be taken on a poll.

(vi) *Founder Shares*

For so long as there are Shares in issue, the holders of the Founder Shares will not have any right to receive notice of or vote at any general meeting of the Company. When there are no Shares in issue, the holders of the Founder Shares will have the right to receive notice of, and to vote at, general meetings of the Company. In such circumstances, each holder of a Founder Share who is present in person or by proxy (or, being a corporation, by a duly authorised representative) at a general meeting will have on a show of hands one vote and on a poll every such holder who is present in person or by proxy (or being a corporation, by a duly authorised representative) will have one vote in respect of each Founder Share held by him.

(d) *Issue of Shares*

- (i) The Company will not issue fractions of shares.
- (ii) Without prejudice to any special rights for the time being conferred on the holders of any shares or class of shares, any share or class of shares in the Company, including any shares or other securities convertible or exchangeable into existing classes of shares, may be issued with such preferred, deferred or other special rights or restrictions, whether in regard to income, return of capital, voting or otherwise as the Board may determine.
- (iii) The allotment of shares is subject to the provisions of paragraph 4(j). Subject thereto and to any other legal or regulatory requirements, the unallotted and unissued shares of the Company shall be at the disposal of the Board which may dispose of them to such persons and in such manner and on such terms as the Board may determine from time to time.

(e) *Redemption*

- (i) Unless the Directors have previously been released from their obligations to do so by a special resolution of the Company (such special resolution having been duly passed not earlier than 28 June 2012 and having been sanctioned by necessary class approval), the Company shall on the 2013 Final Capital Entitlement Date compulsorily redeem all 2013 ZDP Shares in issue at an amount equal to the 2013 Final Capital Entitlement per 2013 ZDP Share or, if lower, the surplus assets of the Company available for the purpose (after payment of all prior charges) pro-rata to each 2013 ZDP Shareholder's holding of 2013 ZDP Shares, and for the avoidance of doubt "surplus assets available for the purpose" shall exclude the revenue profits (including accumulated revenue reserves) of the Company.
- (ii) Unless the Directors have previously been released from their obligations to do so by a special resolution of the Company (such special resolution having been duly passed not earlier than 31 December 2014 and having been sanctioned by necessary class approval), the Company shall on the 2015 Final Capital Entitlement Date, compulsorily redeem all 2015 ZDP Shares in issue at an amount equal to the 2015 Final Capital Entitlement per 2015 ZDP Share or, if lower, the surplus assets of the Company available for the purpose (after payment of all prior charges) pro-rata to each 2015 ZDP Shareholder's holding of 2015 ZDP Shares, and for the avoidance of doubt "surplus assets available for the purpose" shall exclude the revenue profits (including accumulated revenue reserves) of the Company.
- (iii) Subject to the Company having achieved revenue profits and/or net realised gains from its portfolio of an amount at least equal to the amount of the proposed distribution (after allowing for the accrual in the entitlement of each class of Issued ZDP Shares), (ii) prevailing market conditions being considered acceptable by the Directors, (iii) any legal or regulatory

constraints, (iv) the Directors determining that the Cover for each class of Issued ZDP Shares immediately following redemptions of Shares is not below 1.3 times and (v) the Directors exercising their sole discretion to redeem any Equity Shares, the Company will redeem on 30 June in the relevant year such number of Equity Shares held by each Equity Shareholder who has made a valid election as has an aggregate Net Asset Value which represents, as closely as possible, the sum required to give in cash terms, a target of 3.0 per cent. of the Net Asset Value of the Equity Shares held by each such Equity Shareholder as at the end of the relevant financial year of the Company. The limitation on redemptions where Cover for the 2013 ZDP Shares immediately following such redemption of Shares is below 1.3 times shall not apply to redemptions by intermediaries whose terms of business with their customers provide for the payment of commissions or fees by the customer to the intermediary by way of a realisation of a part of that customer's holding of Shares, provided that, in respect of the Shares, the commissions or fees of such intermediaries do not exceed 0.75 per cent. of the value of the customer's holding of Shares. Elections, to be valid, must be made in accordance with the procedures prescribed by the Directors and for the purposes of the Articles described in this paragraph 4(e)(iii), the expression "election" means an election made by an Equity Shareholder in such form as the Directors may from time to time prescribe and may in the case of Equity Shares in uncertificated form mean an instruction sent by means of a relevant system in such form as the Directors may from time to time prescribe. An election, once made, may not be withdrawn without the consent of the Directors. The redemption of Equity Shares will take place at the sole discretion of the Directors.

- (iv) The Directors may in their absolute discretion reject any election by an Equity Shareholder to receive an annual distribution requested otherwise than in accordance with the Articles and this document. Redemption will become effective on or within 25 Business Days after the determination of the Net Asset Value for 30 June in each year if the conditions referred to in paragraph 4(e)(iii) above are satisfied.
- (v) Fractions of Equity Shares will not be redeemed and where redemption would otherwise lead to a fraction of an Equity Share being created, such redemption will be rounded down to the nearest Equity Share.
- (vi) Provided such Equity Shareholders who make an election for an annual distribution appear on the register of members on the record date (the "**Record Date**"), being 30 June of each year (or such other date as the Directors may determine), such Equity Shareholders will receive a distribution as set out in paragraph 4(e)(vii) below.
- (vii)
 - (a) The redemption moneys payable in respect of redemption of any certificated Equity Shares will be paid to the holder (or, in the case of joint holders, to the holder whose name stands first in the register in respect of the Equity Shares) by cheque despatched at his own risk within 25 Business Days following calculation of the Net Asset Value of the Company as at 30 June (or such other date as the Directors may determine) in the year in question. The redemption moneys payable in respect of redemption of any uncertificated Equity Shares shall be paid within 25 Business Days following calculation of the Net Asset Value of the Company as at 30 June (or such other date as the Directors may determine) in the year in question.
 - (b) Equity Shareholders who make an election to receive a distribution and who subsequently dispose of all or part of their Equity Shares prior to the Record Date in each year will not receive a distribution in respect of those Equity Shares so disposed of.
 - (c) An election to receive a distribution will remain in force until such time as the Equity Shareholder revokes such election either by written notice to the Administrator or by such other means as the Directors may permit. An Equity Shareholder who has revoked their election to receive a distribution may subsequently elect to receive a distribution for a forthcoming year in such manner as the Directors may permit.

- (viii) The Company shall not be liable for any loss or damage suffered or incurred by any holder of Equity Shares or any other person as a result of or arising out of late settlement, howsoever such loss or damage may arise.

(f) ***Tender Offer Facility***

- (i) On any Tender Date, each holder of shares may, if so resolved by the Board at their sole discretion and in the manner stipulated at the sole discretion of the Board and subject to the provisions of the Articles request that the Company purchase his shares by way of a tender offer for the whole or any part of the shares comprised in his holding of the shares at the Net Asset Value per share of the relevant class (less any tender costs) calculated on the Tender Date. Any tender offer by the Company shall be made in accordance with, and subject to, the listing rules as amended from time to time of the FSA or any successor body or organisation. Any policy with regards to the priority afforded to the acceptance of the tender offer on any Tender Date will be determined by the Directors at their sole discretion.
- (ii) On any Tender Date on which the Board in their sole discretion opt to give effect to tender acceptances, the Company will not give effect to tender acceptances, which, when added to any tender acceptances already accepted on a prior Tender Date in the same financial year, is in respect of more than 15 per cent. of the relevant class of shares in issue as at the start of the relevant financial year (excluding from this limit, tender acceptances by intermediaries whose terms of business with their customers provide for the payment of commissions or fees by the customer to the intermediary by way of a realisation of a part of that customer's holding of shares). If on any Tender Date the number of shares of the relevant class for which tender acceptances have been delivered (accompanied by the relevant documents) would, if the same were given effect to, cause the limit described in this paragraph 4(f)(ii) to be exceeded, the number of shares of the relevant class to be bought back by the Company on such Tender Date will be reduced *pro rata* according to the number of shares of the relevant class to which each tender acceptance relates and such tender acceptances will be deemed not to apply to the balance of the shares of the relevant class to which it would otherwise apply.
- (iii) The ability to have shares in certificated form purchased pursuant to a tender offer may be exercised by the holder delivering to the Company at its registered office (or to such other address or such other person as the Board may designate for the purpose) a duly completed Tender Form not less than 60 days prior to the relevant Tender Date (or if such 60th date is not a Business Day, then the immediately preceding Business Day), together with the certificate(s) (if any have been issued) in respect of the shares to be purchased pursuant to the tender offer and such other evidence as the Board may reasonably require to prove the title of the holder and the due execution by him of the Tender Form or, if the Tender Form is executed by some other person on his behalf, the authority of that person to do so. The ability to have shares purchased pursuant to the tender offer in uncertificated form may be exercised by delivering to the Company (or such other person as the Board may designate for the purpose) a Tender Form not less than 60 days prior to the Tender Date (or if such 60th day is not a Business Day, then the immediately preceding Business Day) in accordance with the procedures prescribed by the Board. For the purposes of the provisions of the Articles, the expression "Tender Form" means a notice of an acceptance to be made in such form as the Board may from time to time prescribe and may in the case of shares in uncertificated form mean an instruction sent by means of a relevant system in such form as the Board may from time to time prescribe. The Board may in their absolute discretion reject any Tender Form in respect of a Tender Date given at any time on or prior to such Tender Date and/or given otherwise than in accordance with the Articles. A Tender Notice once given may not be withdrawn without the written consent of the Company. The time periods stipulated in this paragraph 4(f)(iii) may be modified by the Board at their sole discretion.
- (iv) A tender offer will become effective on the relevant Tender Date. The moneys payable in respect of tenders in a tender offer which have been accepted shall, in the case of any certificated shares, be paid to the holder (or, in the case of joint holders, to the holder whose name stands first in the register in respect of the shares) by cheque despatched at his own risk

within 10 Business Days of the Net Asset Value of the Company being determined or, if later, within 10 Business Days of the receipt of the certificate(s) (if any have been issued) or an indemnity in a form satisfactory to the Board in lieu of the certificate(s) in respect of the shares being acquired pursuant to the tender offer. If a certificate includes shares not purchased pursuant to the tender offer on that occasion, a new certificate for the balance of the certificated shares shall be issued to the holder without charge. If a holder whose certificated shares are to be purchased pursuant to a tender offer fails to deliver the certificate(s) (if issued) for those shares to the Company, the Company may retain the purchase monies until such certificate is delivered. No person has a claim against the Company for interest on retained acquisition monies. The acquisition monies payable in respect of a tender offer acceptance of any uncertificated shares will be paid within 10 Business Days of the Net Asset Value of the Company being determined to the holder by such method as may be determined by the Board.

- (v) The Company shall not be liable for any loss or damage suffered or incurred by any holder of shares or any other person as a result of or arising out of late settlement, howsoever such loss or damage may arise.
 - (vi) The Board may consolidate and sub-divide the share capital available for issue as a consequence of a tender offer for shares pursuant to the provisions referred to in this paragraph 4(f)(vi) into any other class of share into which the authorised share capital of the Company is at the time divided, each of a like number or amount as the shares. The Board may issue shares in anticipation of a tender offer to the extent permitted by the Companies Law and the Articles.
 - (vii) The Directors, by written notice to any Shareholder, may suspend the acceptance contained in any Tender Form of such Shareholder if the Directors in consultation with the Managers reasonably deem it necessary to do so to comply with anti-money laundering regulations applicable to the Company, the Managers, the Administrator or any of the Company's other service providers.
- (g) ***Variation of rights and alteration of capital***
- (i) The special rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two or more persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class (but at any adjourned meeting of such holders where a quorum as defined above is not present those holders who are present in person or by proxy shall be a quorum). Every holder of shares of the class concerned shall be entitled at such meeting to one vote for every share held by him on a poll. The special rights conferred upon the holders of shares or any shares or class of shares issued with preferred, deferred, or other special rights shall not be deemed to be varied by the exercise of any power under the disclosure provisions requiring Shareholders to disclose an interest in the Company's shares as set out in the Articles.

The above provisions are no more significant than is required under the Companies Law.

- (ii) The Company may by ordinary resolution:
 - (a) increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing Shares;
 - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

- (d) subject to the provisions of the Companies Law, sub-divide its shares, or any of them, into shares of smaller amount; and
- (e) subject to the provisions of the Companies Law, purchase, or enter into a contract under which it will or may purchase, any of its own shares of any class. The requirement for an ordinary resolution to effect the above is no more stringent than is required by the Companies Law.

(h) **Switching**

- (i) As at 31 March and 30 September (or, where such day is not a Business Day, the immediately preceding Business Day) (each a “**Switch Calculation Date**”) in each year an Equity Shareholder may elect to convert some or all of his Equity Shares of one class in issue into Equity Shares of another class in issue by giving the Company at least 10 Business Days notice before the relevant Switch Calculation Date, specifying the number and class of shares to be converted from and the class of Equity Shares into which they are to be converted to either through submission of the relevant instruction (or such CREST mechanism as may be appropriate) or through the submission of any other required instruction under a relevant system in the case of Equity Shares held in uncertificated form or through the return of the relevant share certificate to the Secretary in the case of Equity Shares held in certificated form.
- (ii) The Directors may amend the process for conversion (including the frequency of conversions and the procedure for giving notice of conversion) in such manner as they see fit including, without limitation, for the purposes of facilitating conversions of Equity Shares in uncertificated or certificated form or to facilitate electronic communications. Any conversion notice once given by an Equity Shareholder shall be irrevocable without the consent of the Directors. The date on which conversion shall take place shall be a date determined by the Directors being not more than 30 calendar days after the relevant Switch Calculation Date. Fractions of shares shall not be issued on conversion and entitlements thereto shall be rounded down to the nearest whole Equity Share.
- (iii) Such conversion of Equity Shares will be effected on the basis of the ratio of the Net Asset Value of the class of Equity Shares held (calculated in US Dollars less the costs of effecting such conversion and adjusted to reflect the impact of adjusting any currency hedging arrangements), to the Net Asset Value per Share of the class of Equity Shares into which they will be converted (each as at the relevant Switching Calculation Date).
- (iv) Any Shareholder who serves a conversion notice upon the Company shall not without the consent of the Company be entitled to withdraw such notice nor deal with the shares the subject of the notice in the period between the date of service of the notice and the date upon which conversion occurs.
- (v) The ability to convert Equity Shares from one currency class into Equity Shares of any other currency class may be suspended at any time that the calculation and publication of the Net Asset Value of the relevant classes of Equity Shares is suspended.
- (vi) Conversion of Equity Shares of one currency class into Equity Shares of another currency class shall be effected by way of re-designation of Shares of one currency class into Shares of another currency class or in any such other manner as the Directors may determine in accordance with the Companies Law and if, as a result of a conversion, any Shareholder concerned is entitled to more or fewer Shares of the currency class into which conversion has been effected, the appropriate number of Shares shall be allotted or cancelled (as applicable).
- (vii) Should either:
 - (a) the aggregate Net Asset Value of any class of Equity Shares as at any Switch Calculation Date fall below US\$ 5 million (or the equivalent in the relevant currency); or
 - (b) the number of Equity Shares in any class held in public hands (as such phrase is used in Listing Rule 6.1.19(4)(R)) fall below 25 per cent. of the total number of issued Equity Shares of that class, the Directors have the right, in their absolute discretion,

to require all Equity Shareholders holding Equity Shares of the relevant class to convert their Equity Shares on the next Switch Calculation Date or any other date on which the quarterly Net Asset Value of the Company is calculated as they may nominate. Holders of the relevant class of Equity Shares may elect which of the remaining classes of Equity Shares in issue their Equity Shares will be converted into by giving the Company notice in the manner set out in paragraph 4(h)(i) above. If holders of the relevant Equity Shares make no election prior to the date specified for such purpose by the Directors, they will be deemed to have elected for conversion of the relevant Equity Shares to the class of Equity Shares with the greatest aggregate Net Asset Value in US\$ terms as at the relevant Switch Calculation Date. If any class of Equity Shares has yet to have Equity Shares in it issued, or it has ceased to exist, as at any Switch Calculation Date, conversions to that class will not be permitted.

(viii) The Directors in their discretion may designate 30 June and 31 December as additional Switch Calculation Dates and all references in the Articles to a Switch Calculation Date shall be interpreted accordingly.

(i) ***C Shares***

(i) Subject to the Companies Law, the Directors are authorised to issue C Shares of such classes, of such number of tranches and on such terms as they determine provided that such terms are consistent with the provisions of the Articles. C Shares will convert into Equity Shares of the corresponding currency class based on a formula set out in the Articles. In connection with the conversion of each tranche of C Shares, the Directors may require Members to provide certain certifications as to their status under US securities laws.

(j) ***Pre-emption rights***

(i) In this paragraph 4(j):

(a) “equity securities” means:

- (i) Shares in the Company; or
- (ii) rights to subscribe for, or to convert securities into, Shares in the Company;

(b) references to the allotment of equity securities include:

- (i) the grant of a right to subscribe for, or to convert any securities into, Shares in the Company; and
- (ii) the sale of Shares in the Company that immediately before the sale are held by the Company as treasury shares.

(ii) The Company shall not allot equity securities to a person on any terms unless:

- (a) it has made an offer to each person who holds equity securities in the Company of the same class as those to be allotted to allot to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion in number held by him of the relevant class of share capital of the Company; and
- (b) the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made.

(iii) Equity securities that the Company has offered to allot to a holder of Shares may be allotted to him, or anyone in whose favour he has renounced his right to their allotment, without contravening paragraph 4(j)(ii) and if paragraph 4(j)(ii) applies in relation to the grant of such right, it will not apply in relation to the allotment of Shares in pursuance of that right.

(iv) Shares held by the Company as treasury shares shall be disregarded for the purposes of this paragraph 4(j), so that the Company is not treated as a person who holds Shares; and the treasury shares are not treated as forming part of the share capital of the Company.

- (v) Any offer required to be made by the Company pursuant to paragraph 4(j)(ii) should be made by a notice (given in accordance with the Articles) and such offer must state a period during which such offer may be accepted and such offer shall not be withdrawn before the end of that period. Such period must be a period of at least 21 days beginning on the date on which such offer is deemed to be delivered or received (as the case may be) pursuant to the terms of the Articles.
- (vi) Paragraph 4(j)(ii) shall not apply in relation to the allotment of bonus shares, nor to a particular allotment of equity securities if these are, or are to be, wholly or partly paid otherwise than in cash.
- (vii) The Company may by special resolution resolve that paragraph 4(j)(ii) shall be excluded or that such Article shall apply with such modifications as may be specified in the resolution:
 - (a) generally in relation to the allotment by the Company of equity securities;
 - (b) in relation to allotments of a particular description; or
 - (c) in relation to a specified allotment of equity securities;
 and any such resolution must:
 - (i) state the maximum number of equity securities in respect of which Article 5(2) is excluded or modified; and
 - (ii) specify the date on which such exclusion or modifications will expire, which must be not more than five years from the date on which the resolution is passed.
- (viii) Any resolution passed pursuant to paragraph 4(j)(vii) may:
 - (a) be renewed or further renewed by Special Resolution of the Company for a further period not exceeding five years; and
 - (b) be revoked or varied at any time by Special Resolution of the Company.
- (ix) Notwithstanding that any such resolution referred to in paragraphs 4(j)(vii) or 4(j)(viii) has expired, the Directors may allot equity securities in pursuance of an offer or agreement previously made by the Company if the resolution enabled the Company to make an offer or agreement that would or might require equity securities to be allotted after it expired.
- (x) In this paragraph 4(j), in relation to an offer to allot securities a reference (however expressed) to the holder of Shares of any description is to whoever was the holder of Shares of that description at the close of business on a date to be specified in the offer and the specified date must fall within the period of 28 days immediately before the date of the offer.
- (k) ***Transfer of Shares***
 - (i) Subject to the restrictions noted below as may be applicable and to paragraphs 4(n) and 11 below, any Shareholder may transfer all or any of his Shares in any form which the Board may accept.
 - (ii) Any written instrument of transfer of a Share must be signed by or on behalf of the transferor, and in the case of a partly-paid share the transferee, and the transferor will be deemed to remain the holder of the Share until the name of the transferee is entered in the register.
 - (iii) The Board may, in its absolute discretion and without assigning any reasons therefore, refuse to register a transfer of any Share in certificated form which is not fully paid or on which the Company has a lien to any person of whom it does not approve, provided that this restriction on transfers of partly-paid Shares will only be exercised if this would not prevent dealings in the Shares from taking place on an open and proper basis on the London Stock Exchange.

- (iv) No transfer to any person will be registered without the consent of the Directors if it would:
 - (a) give rise to an obligation on the Company to register as an “investment company” under the US Investment Company Act or any similar legislation; (b) give rise to an obligation on the Company to register under the US Exchange Act or any similar legislation; (c) result in the Company not being considered a “foreign private issuer” as such term is defined in Rule 3b-4(c) under the US Exchange Act; (d) result in a US Plan Investor holding shares; or (e) result in a person holding shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time, in connection with any increase in the Company’s share capital pursuant to the article summarised in paragraph 4(g)(ii) (each person described in (a) through (e) above, a “**Prohibited Person**”), and in each of the cases described in (a) through (e) above, only to the extent permitted under the CREST Guernsey Requirements. In the event that any Member becomes, or holds shares on behalf of, a Prohibited Person such Member shall be required to notify the Administrator of the Company immediately.
- (v) If it shall come to the notice of the Directors:
 - (a) that a Prohibited Person holds or is a beneficial owner of shares;
 - (b) that any shares are held or beneficially owned in a manner that would, in the absolute discretion of the Directors, prevent the Company from relying on the exemption from the obligation to register as an “investment company” under the US Investment Company Act that is set forth in Section 3(c)(7) of the US Investment Company Act; or
 - (c) the holding or beneficial ownership of any shares (whether on its own or in conjunction with any other shares) would in the absolute discretion of the Board cause the assets of the Company to be considered “plan assets” within the meaning of the Plan Asset Regulations,

then any shares which the Directors decide, in their absolute discretion, are shares which are held or beneficially owned pursuant to paragraphs 4(k)(v)(a), (b) or (c) above (such shares, together the “**Prohibited Shares**”) must be dealt with in accordance with paragraph 4(k)(vi). The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration, or to provide information that is relevant to the determination, as to whether or not the share is a Prohibited Share.

- (vi) The Directors shall give written notice to the holder of any share which the Directors decide, in their absolute discretion, to be a Prohibited Share requiring him within twenty-one (21) days (or such other time as the Directors consider reasonable) to provide the Directors with sufficient satisfactory documentary evidence to satisfy the Directors that such share is not a Prohibited Share or to sell or transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share and to provide the Directors with satisfactory evidence of such sale or transfer. From the date of such notice until such person has established to the satisfaction of the Directors that the share is not a Prohibited Share or until registration of such a transfer or a transfer arranged by the Directors as referred to below, (i) the share will not confer any right on the holder to receive notice of or to attend or vote at general meetings of the Company and of any class of Shareholders (and those rights will vest in the chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion) and (ii) no payments shall be made by the Company in respect of such Prohibited Shares. Further, the holder shall repay the Company any amounts distributed to such holder by the Company during the time such holder held Prohibited Shares. If the notice is not complied with within twenty-one (21) days (or such other time as the Directors consider reasonable) to the satisfaction of the Directors, the Directors may, in their absolute discretion, (i) impose a penalty for each day such beneficial holder continues to hold Prohibited Shares or (ii), to the extent permitted under the CREST Guernsey Requirements arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. For the purpose of arranging the sale of Prohibited Shares to any other person so that the shares will

cease to be Prohibited Shares, the Directors may, but only to the extent permitted under the CREST Guernsey Requirements, (i) require that the Shareholder in question execute powers of attorney or other authorisations as the Directors, in their discretion, deem necessary to effect the transfer as if such transfer had been executed by the holder of, or person entitled to transfer, the shares or (ii) (1), in the case of a share in certificated form, authorise in writing any officer of the Company or person appointed by them to execute on behalf of the Shareholder a transfer of the share to a subscriber and may issue a new certificate to such subscriber or (2), in the case of a share in uncertificated form, (a) may instruct Euroclear or the operator of any other relevant system to convert such uncertificated share into certificated form and take such other steps (including the giving of directions to or on behalf of the Shareholder who shall be bound by them) as they think fit to effect the transfer of the share to that person or (b), as hereby irrevocably authorised, authorise any officer of the Company or any person appointed by the Directors, to deliver an instruction to Euroclear, or the operator of any other relevant system, or to complete and execute all or any documents required to effect such transfer as required by Euroclear or the operator of any other relevant system. The subscriber will not be bound to see to the application of the purchase monies nor will his title to the shares be affected by an irregularity or invalidity in the proceedings relating to the sale. The net proceeds of sale will belong to the Company and, upon their receipt; the Company will become indebted to the former holder of, or person entitled to transfer, the shares for an amount equal to the net proceeds. No trust will be created in respect of the debt and no interest will be payable in respect of it and the Company will not be required to account for any moneys earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Payment of any amount due to the former holder of, or person entitled by transmission to, the shares shall be subject to any requisite exchange control consents first having been obtained and the satisfactory completion by the Company or its authorised agent of any relevant anti-money laundering due diligence and the amount due to such person will be deposited by the Company in a bank for payment to such person upon such consent being obtained against surrender of the certificate or certificates representing the relevant shares previously held by such person. Upon deposit of such amount as aforesaid, such person shall have no further interest in such relevant shares or any of them or any claim against the Company in respect thereof except the right to receive such amount so deposited (without interest) upon such consents as aforesaid being obtained.

- (vii) The Board may also refuse to register any transfer of a Share unless:
 - (a) the instrument of transfer is lodged with the Company;
 - (b) the instrument of transfer is in respect of only one class of Share;
 - (c) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and
 - (d) it is not in favour of any Prohibited Person.
- (viii) If the Board refuses to register a transfer they must, within two months of the date on which the instrument of transfer was lodged with the Company, send notice of the refusal to the transferee.
- (ix) In the case of the death of any one of joint holders, the survivor or survivors, and in the case of the death of a sole holder the executor or administrator, shall be the only person or persons recognised by the Company as having any title or interest in the Shares of the deceased holder.
- (x) In the case of a certificated share, registration of transfers may be suspended and the register of members closed by the Directors at their discretion, provided that the register of members shall not be closed for more than 30 days in any year.

- (xi) The Directors may implement such arrangements as they may think fit in order for any class of Shares to be admitted to settlement by means of the CREST system. If the Directors implement any such arrangement, no provision of the Articles apply or have effect to the extent that it is in any respect inconsistent with:
 - (a) the holding of Shares of that class in uncertificated form;
 - (b) the transfer of title to Shares of that class by means of the CREST system; or
 - (c) the CREST Guernsey Requirements.
 - (xii) Where any class of Shares is for the time being admitted to settlement by means of the CREST system such Shares may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the Directors otherwise determine, such Shares held by the same Shareholder or joint Shareholders in certificated form and uncertificated form at the same time shall be treated as separate holdings. Such Shares may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements.
 - (xiii) Title to such of the Shares as are recorded on the register of the Company as being held in uncertificated form may be transferred only by means of the CREST system. Every transfer of Shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the Shares transferred, notwithstanding any agreement or arrangements to the contrary however and whenever arising and however expressed.
- (l) **Directors**
- (i) Unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two.
 - (ii) A majority of the Directors shall not be resident in the United Kingdom or the United States.
 - (iii) The remuneration of each Director shall be determined from time to time by the Directors provided always that the aggregate remuneration of all Directors in any 12 month period or *pro rata* for any lesser period shall not exceed £100,000 or such higher amount as may be approved by ordinary resolution. Any Directors who are affiliated with any of the Managers will not be entitled to remuneration.
 - (iv) The Directors shall also be entitled to be paid their reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Directors or committees of the Board or general meetings and all expenses properly and reasonably incurred by them in the conduct of the Company's business or in the discharge of their duties as Directors.
 - (v) The Company will indemnify its Directors against liabilities and expenses incurred in connection with litigation in which they may be involved because of their involvement with the Company, to the fullest extent permitted by law. The Company may also purchase and maintain insurance for the benefit of the Directors, officers, auditors of the Company or any subsidiary, including insurance against costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported discharge of their respective duties, powers and discretions in relation to the Company.
 - (vi) A Director who to his knowledge is in any way, directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, otherwise than by virtue of his interests in shares or debentures or otherwise in or through the Company, shall disclose the nature of his interest to the Board immediately after becoming aware of the fact that he is so interested. A Director shall not vote or be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any contract or

arrangement or any other proposals in which he is to his knowledge alone or together with any person connected with him materially interested, save that this prohibition shall not apply in respect of a resolution:

- (a) relating to the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by a Director or by any other person at the request of or for the benefit of the Company or any of its subsidiaries or a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving of security;
 - (b) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
 - (c) relating to another company in which the Director and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
 - (d) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
 - (e) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.
- (vii) Neither the Laws nor the Articles contain any provision which disqualifies any person from being appointed as a Director or requires him to vacate the office of Director by reason only of the fact that he has attained 70 years or any other age.
- (viii) The Board shall have the power at any time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors may not at any time exceed the number fixed pursuant to the Articles. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.
- (ix) A Share qualification for a Director may be fixed by the Company in general meeting. At present, no qualification is required.
- (m) ***Borrowing powers***
- (i) The Directors shall restrict the borrowings of the Company so as to secure that at the time of any borrowing the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company and for the time being owing to persons outside the Company shall not, except with the previous sanction of an ordinary resolution passed by the Company in general meeting, exceed an amount equal to 20 per cent. of the Adjusted Total of Capital and Reserves of the Company (as defined in paragraph 4(m)(ii) below).
 - (ii) **“Adjusted Total of Capital and Reserves”** means the aggregate of the amount paid up or credited as paid up on the issued share capital of the Company and the amounts standing to the credit or debit of the capital and revenue reserves (including share premium account, capital redemption reserve fund, investment reserve and profit and loss account) of the Company, all as shown in the latest audited balance sheet of the Company or any other balance sheet of the Company approved by the Directors but adjusted as may be appropriate in respect of any variation in such paid up share capital, share premium account, capital redemption reserve fund, investment reserve and profit and loss account since the date of such balance sheet.

- (iii) The Directors and the Managers shall exercise all and any powers of the Company to borrow money subject to and in accordance with the following limitations and conditions:
 - (a) the terms of repayment of each borrowing shall be such that they allow repayment of the whole amount outstanding (together with any prepayment premium, penalty and expenses) on not more than 180 days' notice upon the liquidation of the Company, whensoever occurring. This shall not prevent any arrangement being made for the earlier repayment of any borrowing by consent of the Directors or, as the case may be, the lender or other person for the time being entitled to repayment thereof;
 - (b) subject to any applicable requirement of law, interest may be charged against the income of the Company or against the capital or partly one and partly the other as the Directors may from time to time determine; and
 - (c) no such borrowing may be made from the Managers and/or any connected person of the Managers unless the terms of such borrowing are in line with those for the time being offered by lending banks to other similar borrowers for similar sums in the same currency and for the relevant terms, but not otherwise, and in such a case the relevant lender shall not be liable to account for any profits or benefits made or derived from or in connection with such borrowing.
 - (iv) Any person lending money to the Company shall be entitled to assume that the Company is acting in accordance with the Articles and shall not be concerned to enquire whether such provisions have in fact been complied with.
- (n) ***Disclosures of interests in Shares***
- (i) The Directors may serve notice on any Shareholder requiring that Shareholder to disclose to the Company the identity of any person (other than the Shareholder) who has an interest in the Shares held by the Shareholder 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 as the Directors may determine. The Directors may be required to exercise their powers under the relevant Article on the requisition of Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings.
 - (ii) If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the Shares concerned represent 0.25 per cent. or more in nominal value of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the Shares of which the default has occurred (the "default shares") and any other shares held by the Shareholder, the Shareholder 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 direction notice may additionally direct that dividends and/or distributions on such Shares will be retained by the Company (without interest), and that no transfer of shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.
 - (iii) There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change of control of the Company.
- (o) ***Untraced Shareholders***
- The Company shall be entitled to sell (at a price which the Company shall use its reasonable endeavours to ensure is the best obtainable) the Shares of a Shareholder or the Shares to which a person is entitled by virtue of transmission, death or bankruptcy or otherwise by operation of law if and provided that:
- (i) during the period of not less than 12 years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) at least three dividends and/or other distributions in respect of the Shares in question have become payable and no dividends and/or other distributions in respect of those Shares has been claimed; and

- (ii) the Company shall following the expiry of such period of 12 years have inserted advertisements, both in a national newspaper and in a newspaper circulating in the area in which the last known address of the Shareholder at which service of notices may be effected under the Articles is located giving notice of its intention to sell the said Shares; and
- (iii) during the period of three months following the publication of such advertisements (or, if published on different dates, the last thereof) the Company shall have received indication neither of the whereabouts nor of the existence of such Shareholder or person; and
- (iv) notice shall have been given to the London Stock Exchange.

In the case of Shares in uncertificated form, the foregoing provisions of this paragraph are subject to any restrictions applicable under any regulations relating to the holdings and/or transferring of securities in any paperless system as may be introduced from time to time.

(p) ***Dividend***

- (i) The Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.
- (ii) No dividend shall be paid other than in accordance with the Companies Law.
- (iii) The Directors may, if they think fit, from time to time pay the Shareholders such interim dividends as appear to be justified by the profits of the Company.
- (iv) All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. No unclaimed dividend shall bear interest against the Company. Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.
- (v) The Directors are also empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute.

(q) ***Duration of the Company***

- (i) The Directors shall formulate proposals relating to the refinancing of the 2013 ZDP Shares in order to maintain leverage for the Equity Shares by:
 - (a) seeking to issue a new class of zero dividend preference shares in substitution for the 2013 ZDP Shares then in issue which will be redeemed on the 2013 Final Capital Entitlement Date or such earlier date as the Directors may be permitted by sanction of Shareholders; or
 - (b) effecting external borrowing with one or more lenders upon terms satisfactory to the Directors having regard to the investment objective and policy of the Company, (“**2013 ZDP Refinancing**”), and such proposals for the 2013 ZDP Refinancing shall be put to Equity Shareholders by way of an ordinary resolution at an extraordinary general meeting not later than the 2013 Final Capital Entitlement Date or such earlier date as the Directors may be permitted by sanction of Shareholders.
- (ii) If the ordinary resolution referred to in paragraph 4(q)(i)(b) above is not passed, the Directors shall convene forthwith (but not later than 6 months from the date of the ordinary resolution being defeated) an extraordinary general meeting at which an ordinary resolution shall be proposed that the Company continue in existence (the “**Continuation Resolution**”). If the Continuation Resolution is not passed the Directors shall formulate and put to Equity Shareholders within 4 months of the Continuation Resolution being defeated, proposals to reorganise, reconstruct or wind up the Company.

5. Annual reports

The accounting reference date of the Company is 30 June each year. Copies of the audited yearly and unaudited half yearly accounts will be sent to the Company's Shareholders. The annual report is published within four months of the annual accounting date. The next annual report and accounts will be in respect of the period to 30 June 2011. The next unaudited half yearly accounts will be in respect of the period to 31 December 2011.

The Company's functional currency is US Dollars. The NAV of the Issued ZDP Shares will be reported in Sterling and the Equity Shares in the respective corresponding currencies. The Company will prepare its annual report and accounts in accordance with International Financial Reporting Standards.

6. Directors' and other interests

- (a) As at 11 August 2011 (the latest practicable date prior to publication of this document), save as disclosed in paragraph 3.5.5 of Part VI of this document, none of the Directors had any interests, including the interests of a person connected with any Director that would, if the person were a Director, be required to be disclosed, and the existence of which is known or could with reasonable diligence be ascertained by that Director, with respect to the Company's Shares together with any options in respect of such Shares.
- (b) None of the Directors (including persons connected with them) intends to subscribe for any Placing Shares in connection with the Acquisition.
- (c) Gregory S. Getschow is an employee of BSAM Inc. which will receive fees for its services as described in paragraph 8(a) below. In the event of a conflict of interest arising between Mr Duncan's duties as a Director of the Company and as an employee of the BSAM Inc., the provisions of the Articles summarised in paragraph 4 above will apply.
- (d) No Director has or has had an interest in any transactions that are or were unusual in their nature or conditions or significant to the business of the Company or that have been executed by the Company since its incorporation and that remain in any respect outstanding or unperformed.
- (e) The aggregate of the remuneration paid to and the benefits in kind to be granted to the Directors by the Company for the financial year ended 30 June 2011 was £65,000. The Chairman was paid an annual remuneration of £25,000 and the other Directors were paid an annual remuneration of £20,000 each for the financial year ended 30 June 2011. The Company has agreed to pay the Directors an annual remuneration of £30,000 (£40,000 for the Chairman) with effect from 1 January 2011 for the financial year ended 30 June 2011 and balancing payments will be made to reflect this increase in remuneration as against amounts already paid.
- (f) All of the Directors, with the exception of Mr Getschow, were appointed on 9 June 2005. Mr Getschow was appointed as a director on 11 June 2009. There are no existing or proposed service contracts between any of the Directors and the Company. The Directors (with the exception of Mr Getschow) will each be paid £5,000 for their work in connection with the issue of the Placing Shares. For the financial year ending 30 June 2012, the Chairman will be entitled to annual remuneration of £30,000 and the other Directors are entitled to annual remuneration of £40,000 per annum each, or such other amounts as the Company may, from time to time, determine. Mr Getschow has agreed to waive his director's remuneration. No amount has been set aside or accrued by the Company to provide pension, retirements or other similar benefits. With the exception of Mr Getschow who is affiliated with BSAM Inc., all of the Directors are independent non-executive Directors and their tenure is not fixed. Their remuneration, retirement and re-election will be in accordance with the Articles. No compensation or benefits are payable upon termination of their appointments. There is no notice period specified in the Articles for the removal of Directors.
- (g) No loan or guarantee has been granted or provided by the Company to or for the benefit of any Director.

- (h) Over the past 5 years preceding the date hereof, the Directors have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
John Loudon	Caneminster Ltd. Gems Oriental & General Fund II Limited Gems Oriental & General Fund III Limited Bessemer Securities Inc. Whittington Insurance Pte. Ltd.	BNB Resources Plc Heineken NV (Holland) Derby Trust PLC Exel PLC XL Capital Limited (Bermuda) XL London Market Ltd. XL Winterthur (UK) Holdings Ltd. XL Capital Assurance (UK) Limited
Trevor Ash	Blackpoint PCC Limited Blackpoint Management Limited Nemrod Diversified Holdings Limited Thames River Nevsky Fund Limited Thames River Property Growth & Income Fund Limited Thames River Legion Fund Limited Thames River Longstone Fund Limited Thames River Apex Fund SPC Hillside Apex Fund Limited ELDeRS Limited Dexion Absolute Limited Cazenove European Equity Absolute Return Fund Limited Cazenove UK Dynamic Absolute Return Fund Limited Cazenove Leveraged UK Equity Absolute Return Fund Cazenove Worldwide Absolute Return Fund Limited Cazenove European Alpha Absolute Return Fund Limited Invista Real Estate Investment Management (C.I.) Limited Insight Global Farmlands Fund Limited ING UK Real Estate Income Trust Limited ING Global Real Estate Securities Limited CQS Rig Finance Fund Limited Camper & Nicholson Marina Investments Limited Thames River Hillside Apex II Fund Limited Close Enhanced Commodities Fund II Limited Cazenove UK Equity Absolute Return Fund Limited Insight Consumer Debt Recovery GPI Limited	Framlington Health and Income Fund Limited The Indian Emerging Technology Fund Limited RG World Fund Limited RG Management Limited Thames River Scimitar Fund Limited Framlington Global Financial and Income Fund Limited Framlington Global Financial and Income Securities Limited Govett Asian Income and Growth Fund Limited Henderson Absolute Return Fund Limited Long Invest Capital Limited Long Invest PCC Limited Long Invest Portfolio Limited Quantivia Investment Management Limited Thames River Topaz Fund Limited Thames River Garret Fund Limited Cowry Global Financials Limited N M Rothschild & Sons (C.I.) Limited Global Strategic Equities Fund Limited (IVL) Paladin Investments Limited (IVL) Economic Lifestyle Property Investment Company Limited Insight Investment International Fund Limited Insight Investment International Currency Fund Limited Absolute Insight Plus Tactical Asset Allocation Limited Syndicate Asset Management (CI) Zenith International Reserves Limited Zenith International Bond Funds Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
	JPMorgan Specialist Funds	Zenith International Multi-Manager Fund Limited Thames River Tybourne Fund Limited Thames River Edo Fund Limited Thames River Hedge Ventures Limited Thames River Kingsway Plus Fund Limited Thames River 2X Currency Alpha Fund Limited Thames River Argentum Fund Limited Thames River Kingsway Fund Limited Kingsway Fund Limited Thames River ZeCo Fund Limited Thames River Origin Fund Limited Merrill Lynch FTSE 100 Stepped Growth & Income Limited Absolute Plus Insight Limited Absolute Insight Plus Emerging Market Debt Limited Absolute Insight UK Equity Market Neutral Limited Absolute Insight Plus Currency Limited Absolute Insight Plus Bond Fund Limited Absolute Insight Plus International Equity Market Neutral Fund Limited Absolute Insight Plus Currency Limited European Value and Income Fund Limited Grand Harbour Marina Limited India Strategic Assets Fund Limited The Accelerated Return Fund Limited
Christopher Spencer	Alpha Asset Finance CI Ltd J.P. Morgan Private Equity Limited Carib Golf Limited Dexion Trading Limited Generali International Limited Generali Worldwide Insurance Company Ltd. Generali Portfolio Management (CI) Limited Generali Portfolio Management UK Limited Grenfell PIA Guernsey Limited IRP Property Investments Limited	Advanta Holdings Thames River Scimitar Fund Limited Guernsey Post Limited SDH Insurance Company (PCC) Limited Gartmore Alternative Strategies PCC Limited States of Guernsey Transport Board Michaelangelo Insurance Co. Limited Gartmore Capital Strategy Fund Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
	IRP Holdings Limited	United Service Technologies Limited
	John Laing Infrastructure Fund Limited	Thames River Topaz Fund Limited
	KAAN Limited	Thames River Garrett Fund Limited
	Tamar European Industrial Fund Ltd	Gartmore SICAV
	TEIF Luxembourg SARL	Drummonds Insurance
	TEIF Luxembourg Scandi SARL	PCC Limited
	Low Carbon Accelerator Limited	St Johns Ambulance and Rescue
	Olivant Limited	Guernsey Gambling Control Commission
	Opportunity Investment Co. Limited	Cowry Global Financials Fund Limited
	Real Estate Credit Investments Ltd (now Real Estate Credit Investments PCC Ltd from 11 August 2011)	Advance Focus Fund Limited
	RIL Insurance Limited	Thames River EDO
	Ruffer Investment Company Limited	PSolve Alternatives PCC Limited
	Rutley Russia Property Fund Limited	Henderson Far East Income (Malta) Limited
	Sitex Insurance PCC Limited	Thames River Kingsway Plus Fund Limited
	Spencer Holdings Limited	Thames River Argentum Fund Limited
	Tacus Fund Limited	Thames River ZeCo Fund Limited
	Thames River Hillside Apex Fund SPC	Thames River Origin Fund Limited
	Hillside Apex Fund Limited	Thames River 2X Currency Alpha Fund Limited
	Thames River Hillside Apex Fund II Limited	Rutley East African Property Limited
	Thames River Legion Fund Limited	Thames River Kingsway Fund Limited
	Thames River ISIS Fund Limited	Kingsway Fund Limited
	Thames River Longstone Limited	Henderson Far East Income Fund Limited
	Thames River Property Growth & Income Fund Ltd	Alpha Bank Jersey Limited
		Safedataco.com Limited

Gregory S. —
Getschow

- (i) Save as disclosed in paragraph 6(c) of Part IX and in paragraph 3.5.5 of Part VI of this document, as at the date of this document, there are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties. There are no lock-up provisions regarding the disposal by any of the Directors of any Shares.
- (j) Mr. Ash was a director of Framlington Health & Income Fund Limited which went into insolvent liquidation in October 2002 and was subsequently dissolved. The shortfall to creditors as stated in the Statement of Affairs as at 24 November 2003 amounted to £11.2 million. Mr. Richard Garrard and Mr. David Harvey of Deloitte & Touche were appointed as joint liquidators of that company which has now been wound up with no distributions made to creditors.
- (k) Save as stated in paragraph (j) above, as at the date of this document, none of the Directors:
 - (i) has any convictions in relation to fraudulent offences for at least the previous five years;
 - (ii) has been bankrupt or been a director of any company or has been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer, at the time of any receivership or compulsory or creditors' voluntary liquidation for at least the previous five years; or

- (iii) has been subject to any official public incrimination of him and/or sanctions by any statutory or regulatory authority (including designated professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years.
- (l) the business address of each of the Directors is Arnold House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 3NF.

7. Substantial Share interests

- (a) As at 11 August 2011 (the latest practicable date prior to publication of this document), the Company is not aware of any persons who can or, immediately following the issue of the Placing Shares could, directly or indirectly, jointly or severally, exercise control over the Company following Admission.
- (b) As at 11 August 2011 (the latest practicable date prior to publication of this document), save in respect of those Shareholders noted below, insofar as is known to the Company, the following persons are, directly or indirectly, interested in 5 per cent. or more of the issued share capital (excluding Shares held in treasury) of the Company

<i>US\$ Equity Shares</i>	<i>Shares</i>	<i>Percentage</i>
State Street Nominees Limited	198,264,894	55.6%
Bny Mellon Nominees Limited	24,697,113	6.9%
Lynchwood Nominees Limited	20,397,604	5.7%
Total shares (excluding US\$ Equity Shares held in treasury)	356,879,443	
2013 ZDP Shares		
Nortrust Nominees Limited	8,526,727	13.5%
Giltspur Nominees Limited	6,718,297	10.6%
Rathbone Nominees Limited	4,908,881	7.8%
Total shares (excluding 2013 ZDP Shares held in treasury)	63,312,305	
2015 ZDP Shares		
Rathbone Nominees Limited	8,515,310	12.4%
Brooks Macdonald Nominees Limited	5,967,553	8.7%
Chase Nominees Limited	4,721,677	6.9%
Smith & Williamson Nominees Limited	4,251,221	6.2%
HSBC Global Custody Nominee (UK)	4,079,568	5.9%
Giltspur Nominees Limited	3,474,017	5.1%
Total shares (excluding 2015 ZDP Shares held in treasury)	68,592,306	

The voting rights of the major shareholders in the Company referred to above are no different to those of other shareholders in the Company.

Neither BSAM Inc. nor any of its affiliates intends to subscribe for Placing Shares under the Acquisition.

Insofar as the Company is aware, no other major shareholder intends to subscribe for Placing Shares and no person intends to subscribe for more than five per cent. of the Placing Shares being offered pursuant to the Acquisition.

As at the date of this document the Company, insofar as it is aware, is not directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which of may subsequently result in a change of control of the Company.

8. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, are all of the contracts that have been entered into by the Company since the date of its incorporation and which are, or may be, material to the Company, or are all of the contracts which have been entered into by the Company and contain any provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- (a) an amended and restated management agreement between the Company, the Managers and JPMorgan Chase & Co. dated 29 November 2010 (the “**Management Agreement**”), whereby the Managers, subject to the overall supervision of the Directors, was appointed as the Company’s investment managers and under the terms of which the Managers provide or procure the provision to the Company of discretionary investment management and other services. The Management Agreement may be terminated by the Company or the Managers on giving not less than twelve months notice in writing or immediately by the Company as a result of material or persistent breach by any of the Managers of their obligations under the agreement or the insolvency of the Managers or if the Company is in the course of being wound up under the provisions of its Articles. Further, the Company is also entitled to terminate the appointment of JPMAM Ltd (which, for the avoidance of doubt, shall not constitute a termination of the Management Agreement) if JPMAM Ltd ceases to be regulated by the FSA or the Company is required by any relevant regulatory authority to terminate JPMAM Ltd’s appointment.

Pursuant to the terms of the Management Agreement, the Managers will be paid a base management fee and (if applicable) performance fees.

The base management fee payable will be paid monthly at a rate equivalent to 1.0 per cent. of the Company’s Total Assets per annum exclusive of any applicable taxes, and will be paid in arrears.

In addition, the Managers will also be entitled to a performance fee if the aggregate Net Asset Value of the Equity Shares and Issued ZDP Shares at the end of any Performance Period (as defined below) (having made adjustments for any issue and/or redemption and/or repurchase of Equity Shares and Issued ZDP Shares or other distributions made in respect thereof) exceeds (i) the aggregate Net Asset Value of the Equity Shares and Issued ZDP Shares at the start of the Performance Period by more than 8 per cent. (the “**Performance Hurdle**”) and (ii) the highest previously recorded aggregate Net Asset Value of the Equity Shares and Issued ZDP Shares as at the end of a Performance Period in respect of which a performance fee was last paid. The amount of such performance fee will be 7.5 per cent. of the total increase in the aggregate Net Asset Value per Equity Share and Issued ZDP Share above the Performance Hurdle at the end of the relevant Performance Period over the aggregate Net Asset Value per Equity Share and Issued ZDP Share at the start of the relevant Performance Period, multiplied by the number of issued and outstanding Equity Shares and Issued ZDP Share at the end of the relevant Performance Period, having made adjustments for numbers of Equity Shares and Issued ZDP Shares as described above.

The first Performance Period in respect of the Equity Shares and Issued ZDP Shares commenced on 8 February 2006 and ended on 30 June 2006 and thereafter, is each 12 month period ending on 30 June in each year (the “**Performance Period**”).

The performance fee arrangement may create an incentive for the Managers to make investments which are more speculative or subject to a greater risk of loss than would be the case if no such fee arrangement existed.

Existing and potential investors should note that the calculation of the performance fee is based in part upon unrealised profits (as well as unrealised losses) and that such unrealised profits may never be realised by the Company.

The Managers shall be entitled to be reimbursed all out-of-pocket expenses incurred by them in the performance of their duties.

The Management Agreement contains provisions under which the Company exempts the Managers from liability and indemnifies the Managers against liability in the absence of negligence, wilful default, fraud or breach of contract and permits the Managers and their affiliates to deal with parties other than the Company and to retain profits from such dealings. These warranties, exemptions from liability and indemnities are of a customary nature for contracts of this type.

Under the Management Agreement, the Managers will be responsible for managing the Private Equity Portfolio.

Pursuant to the terms of the Management Agreement, JP Morgan Chase & Co. have granted the Company a non-exclusive licence to use the names “JPMorgan” and “J.P. Morgan” for so long as either of the Managers or one or more of their affiliates remain appointed more of their affiliates remain appointed as the investment manager of the Company provided that such Manager or their respective affiliates remain affiliates of JP Morgan Chase & Co.

The Company and the Managers entered into a side letter dated 27 November 2008 whereby the Company and the Managers agreed that, following approval by Shareholders in September 2008 of a capital reorganisation of the Company, the terms “Equity Shares” and the “2013 ZDP Shares” used in the Management Agreement would be interpreted as meaning all Equity Shares issued from time to time and all Issued ZDP Shares.

- (b) an administration and company secretarial agreement, dated 21 June 2005, between the Company and the Administrator (the “**Administration and Company Secretarial Agreement**”) whereby the Company appointed the Administrator to act as administrator and company secretary of the Company.

The Administration and Company Secretarial Agreement is terminable in certain limited circumstances, for example, where there is a material breach of the agreement which remains unremedied within 30 days or a receiver is appointed in respect of any of the parties, or any of the parties commence winding up. The Administration and Company Secretarial Agreement is terminable on not less than 90 days notice is given by any of the parties. The Administration and Company Secretarial Agreement contains customary warranties and indemnities given to the Administrator.

Upon termination, the Administrator will be entitled to receive all fees accrued due to the date of termination but is not entitled to compensation in respect of such termination.

The Administrator will be entitled to an annual fee calculated on the Total Assets of the Company of 0.125 per cent. on the first US\$100 million, 0.1 per cent. on the next US\$50 million, 0.075 per cent. on the next US\$50 million and 0.05 per cent. on the balance subject to a minimum annual fee of US\$120,000. The fee will be payable monthly in arrear. The Administrator may, at its discretion, pay fees from this fee to any person to whom it may have delegated any of its functions. The Administrator and any of its delegates will also be entitled to reimbursement of certain expenses properly incurred by it in connection with their duties.

The Administration and Company Secretarial Agreement contains provisions under which the Company exempts the Administrator from liability and indemnifies the Administrator against liability in the absence of negligence, fraud or wilful default for any loss, cost, expense or damage suffered by the Administrator in any of the following circumstances:

- (i) in connection with the duties carried out by the Administrator;
- (ii) in connection with the use of the internet or other electronic communication used for providing or receiving notices or information; or
- (iii) where the Administrator acted in good faith upon a communication believed to be genuine.

These warranties, exemptions from liability and indemnities are of a customary nature for contracts of this type.

- (c) the registrar agreement, dated 21 June 2005, between the Company and the Registrar (the “**Registrar Agreement**”) whereby the Registrar is appointed to act as registrar of the Company. Under the Registrar Agreement, the Registrar will be paid such fees as are from time to time agreed between the Company and the Registrar. The Registrar Agreement may be terminated with immediate effect by either party if, *inter alia*, the other party commits a material breach of the Registrar Agreement which is not remedied within 30 days of notice requiring the remedy of such breach.
- (d) a Facility Agreement between the Company and Lloyds TSB Bank plc dated 7 March 2011 whereby Lloyds TSB Bank plc has agreed to provide a facility for up to US\$150 million bearing interest of the applicable US\$LIBOR plus a range of 275 to 350 bps on drawn down amounts (which can be in US Dollars, Euros or Sterling) and 100 bps on undrawn amounts. Under the terms of the Facility Agreement, the Company shall apply all amounts borrowed towards, *inter alia*, making permitted private equity investments, distributions, permitted acquisitions, refinancing existing financial indebtedness owed by the Company to Fortress Credit Corp. under a credit agreement dated 8 May 2008 and working capital purposes. As at 11 August 2011 (the latest practicable date prior to the publication of this document), the Company has drawn down €40 million pursuant to the terms of the Facility Agreement. The Facility Agreement contains certain financial covenants that the Company needs to comply with, including, amongst others, obligation of the Company to ensure that the total asset ratio is no greater than 30 per cent. and the total adjusted asset ratio of the consolidated group is no greater than 40 per cent. The Facility Agreement also contains restrictions on the ability of the Company to take certain actions, including the following:
- the Company shall not substantially change the general nature of its business;
 - subject to certain exceptions, none of the Company or its subsidiaries are permitted to enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction or equivalent or similar actions in relation to a partnership;
 - subject to certain exceptions, the Company (or its subsidiaries) is not permitted to create or permit to subsist any security over any of its assets;
 - subject to certain exceptions, the Company (or its subsidiaries) is not permitted to: (i) sell, transfer or otherwise dispose of any of its receivables otherwise than is permitted under the terms of the Facility agreement; (ii) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any affiliate; (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or (iv) enter into any other preferential arrangement having a similar effect, in circumstances where the primary purpose of the transaction is to incur financial indebtedness or finance an asset acquisition;
 - subject to certain exceptions, the Company (or its subsidiaries) is not permitted to enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer, licence or otherwise dispose of any asset;
 - subject to certain exceptions, the Company (or its subsidiaries) is not permitted to incur or allow to remain outstanding any guarantee, bond or indemnity in respect of any obligation of any person;
 - subject to certain exceptions, the Company (or its subsidiaries) is not permitted to: (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital); (ii) repay or distribute any dividend, or share premium reserve; (iii) pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of their Affiliates; or redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so;
 - subject to certain exceptions, the Company (or its subsidiaries) is not permitted to incur or allow to remain outstanding any Financial Indebtedness;

- subject to certain exceptions, the Company (or its subsidiaries) is not permitted to provide loans;

The Facility Agreement has a termination date of 31 May 2013 and is repayable in full on that date.

The loan made pursuant to the Facility Agreement is secured by, among other security interests, a charge over the Company's private equity investments (both fund investments and direct investments).

- (e) the Acquisition Agreement, entered into on 15 August 2011, between the Company, JPEL Holdings Limited and the SPL Funds, whereby subject to certain conditions (described below) having been fulfilled on or prior to the Closing Date, the SPL Funds have agreed to sell and the Company (or JPEL Holdings Limited, to the order of the Company) has agreed to purchase the Transfer Portfolio. The consideration for the transfer will be the Placing Shares. In addition, certain cash payment adjustments will be made on completion of the transfer to take account of any additional investment made or distribution received by the SPL Funds in or from the funds comprised in the Transfer Portfolio during the period from the date on which the Acquisition Agreement was executed was valued to the date of completion of the Acquisition.

The Acquisition is conditional on, *inter alia*, the passing of certain shareholder resolutions of each SPL Fund, Admission occurring at 8.00 a.m. on 12 September 2011 (or such later time as the SPL Funds and the Company may agree), and the execution of the Economic Transfer Agreement.

The Acquisition Agreement contains certain warranties and representations given by the SPL Funds to the Company as at the date of that agreement, which will be repeated on the date of completion of the transfer of the Transfer Portfolio, regarding its title to the Transfer Portfolio and the information which it has provided in relation to the Transfer Portfolio.

- (f) the Economic Transfer Agreement, entered into on 15 August 2011, between the Company and the SPL Funds, relating to certain ownership interests contained in the Transfer Portfolio. Pursuant to the Economic Transfer Agreement, the Company will receive record and legal ownership of the relevant ownership interests but will transfer to the SPL Funds all economic rights, benefits and obligations in and to the relevant ownership interests. Accordingly the SPL Funds would be required to fund all future capital calls made by such private equity sponsors in connection with such ownership interests and the Company will be required to transfer to the SPL Funds any distributions received, subject to certain agreed adjustments, from the private equity sponsors in connection with such ownership interests. The Economic Transfer Agreement is conditional on the completion of the Acquisition.
- (g) the Sponsorship Agreement dated 15 August 2011 between the Company, Liberum Capital and the Managers, pursuant to which the Company has appointed Liberum Capital as Sponsor to the Company in connection with Admission, subject to certain conditions that are typical for an agreement of this nature, including, amongst others, Admission occurring by not later than 0800 hours on 12 September 2011 (or such later date as may be agreed by the parties). In consideration for the provision of their services under the Sponsorship Agreement, the Company will pay to Liberum Capital a fee of £150,000 (and any VAT chargeable thereon) together with Liberum Capital's reasonable expenses in connection with Admission. The Company and the Managers have given certain market standard representations, warranties, undertakings and indemnities to Liberum Capital under the Sponsorship Agreement. Liberum Capital may terminate the Sponsorship Agreement in certain circumstances that are typical for an agreement of this nature prior to Admission. These circumstances include, amongst others, the breach by the Company or the Managers of the warranties given pursuant to the Sponsorship Agreement. The Sponsorship Agreement is governed by English law.

9. Share certificates

Shares placed will be in registered form and certificates will not be issued unless specifically requested. The register of Shareholders will be maintained at the office of the Registrar.

10. General meetings

The annual general meeting of the Company will be held in Guernsey or such other place as the Directors may determine. Notices convening the annual general meeting in each year at which the audited financial statements of the Company will be presented (together with the Directors' report and accounts of the Company) will be sent to Shareholders at their registered addresses not later than 14 days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses or by Shareholders requisitioning such meetings in accordance with Guernsey law, and may be held in Guernsey or elsewhere.

11. Overseas persons

The attention of existing and potential investors who are not resident in, or who are not citizens of, the United Kingdom and Guernsey is drawn to paragraphs (a) and (b) below:

(a) *General*

The offer of Placing Shares to persons who are resident in, or citizens of, countries other than the United Kingdom and Guernsey ("**Overseas Investors**") may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Placing Shares. It is the responsibility of all Overseas Investors receiving this document and/or wishing to subscribe for Placing Shares to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the United Kingdom or Guernsey may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any US Person or in or into the United States, Canada, Australia or Japan, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

The Company reserves the right to treat as invalid any agreement to subscribe for Placing Shares if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

(b) *United States*

The Company has not been and will not be registered under the US Investment Company Act. In addition, the Placing Shares have not been and will not be registered under the US Securities Act. The Placing Shares are being offered outside the United States to non-US Persons in reliance on the exemption from registration provided by Regulation S under the US Securities Act. The Placing Shares may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US Persons.

12. Taxation

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current revenue law and published practice in Guernsey and the United Kingdom, which is subject to change, potentially with retrospective effect. The comments relate to the position of persons who are resident or ordinarily resident in Guernsey or the United Kingdom, for tax purposes, who hold their Shares as an investment and who are the absolute beneficial owners of Shares and may not apply to certain classes of persons, such as dealers, collective investment schemes and insurance companies.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than Guernsey or the United Kingdom, you should consult your professional adviser.

(a) **Guernsey**

(i) *The Company*

The Company has applied for and been granted exemption from liability to income tax in Guernsey. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee which is currently fixed at £600, provided that it continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify.

As an exempt company, the Company will not be resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company will not incur any additional liability to Guernsey tax. No capital gains or similar taxes are levied in Guernsey on realised or unrealised gains resulting from the investment activities of the Fund.

Although not a Member of State of the European Union, in common with certain other jurisdictions, Guernsey has introduced equivalent measures that are the same of the EU Savings Tax Directive (2003/48/EC), with the exception that the EU resident individual to whom interest is paid will suffer a retentions tax on such payment (currently set at a rate of 20 per cent. and will rise to 35 per cent. from July 2011) where such individual had not agreed that Guernsey will exchange certain information about his or her identity, residence and savings income with the tax authorities in his or her Member State of residence. However, no Guernsey retentions or exchanges of information by the Guernsey tax authorities under the EU Savings Tax Directive as implemented in Guernsey are expected to apply to holdings of Shares where payment in respect of such holdings are made by a Guernsey paying agent.

(ii) *Stamp Duty*

There is no document duty in Guernsey. No stamp duty is chargeable to Shareholders in Guernsey on the issue, transfer, conversion or redemption of Shares.

(iii) *Shareholders*

Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any Shares owned by them.

Shareholders resident outside Guernsey will receive dividends without deduction of Guernsey Income Tax, provided that such Shareholder does not carry on business in Guernsey through a permanent establishment.

Shareholders who are resident in Guernsey will incur Guernsey tax on any dividends paid on Shares owned by them. Whilst the Company is no longer required to deduct Guernsey income tax from dividends on any Share (if applicable) paid to Guernsey resident, the Company is required to make a return to the Director of Income Tax, on an annual basis, when reviewing the Company's exempt tax status, as described above, of the names, addresses and gross amounts of income distributions paid to Guernsey resident Shareholders during the previous year. Shareholders resident in Guernsey should note that where income is not distributed but is accumulated, then a tax charge will not arise until the holding is disposed of. On disposal the element of the proceeds relating to the accumulated income will have to be determined.

There are no death duties, capital inheritance, capital gains, gifts, sales or turnover taxes levied in Guernsey in connection with the acquisition, holding or disposal of Shares or Warrants.

(b) ***United Kingdom***

(i) *The Company*

The Directors intend to continue to conduct the affairs of the Company so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated there), the Company will not be subject to United Kingdom income tax or corporation tax other than on certain types of United Kingdom source income.

(ii) *Shareholder*

Capital Gains Tax

The Placing Shares should not, under current law, fall within the definition of an offshore fund for the purposes of United Kingdom legislation introduced by Finance Act 2009 with effect from 1 December 2009, contained in Part 8 of the Taxation (International and Other Provisions) Act 2010, should not apply to the Placing Shares. Therefore any profit on a disposal (including a redemption) of Placing Shares by a UK resident or ordinarily resident Shareholder or a Shareholder who carries on a trade in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected should be taxed as a capital gain for UK tax purposes.

Under current law, on a subsequent disposal of Placing Shares (which includes a redemption) by an individual Shareholder who is resident or ordinarily resident in the United Kingdom for taxation purposes, capital gains tax at the rate of 18 per cent. (for basic rate taxpayers) and 28 per cent. (for higher and additional rate taxpayers) of any gain realised will apply. Individuals may benefit from other reliefs and allowances (including a personal allowance which presently exempts from tax, depending on their circumstances, the first £10,600 of gains). Holders of Placing Shares who are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the retail prices index.

2017 Final Capital Entitlement

Receipt of the 2017 Final Capital Entitlement by a UK resident or ordinarily resident 2017 ZDP Shareholder will constitute proceeds of a disposal of 2017 ZDP Shares for the purposes of UK taxation of chargeable gains which may, depending on the 2017 ZDP Shareholder's individual circumstances (including the availability of exemptions and allowable losses), give rise to a liability to UK taxation of chargeable gains.

ISAs

Subject to applicable subscription limits, (currently £10,680 per year) the Placing Shares should be eligible for inclusion in a Stocks and Shares ISA provided that the ISA manager has acquired the Placing Shares by purchase in the market. This does not include any Placing Shares acquired in the Acquisition. The Directors intend to manage the affairs of the Company so as to maintain the eligibility of the Placing Shares for inclusion in an ISA.

From 6 April 2008, PEPs automatically became Stocks and Shares ISAs.

The Directors have been advised that the Placing Shares should be eligible for inclusion in a UK SSAS or a UK SIPPS.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

Generally, no United Kingdom stamp duty or SDRT is payable on the issue or transfer of Placing Shares or an agreement to transfer Placing Shares.

Other United Kingdom Tax Considerations

The Income and Corporation Taxes Act 1988 contains provisions (the “**Controlled Foreign Companies**” legislation) that affect United Kingdom resident companies that are deemed to be interested in at least 25 per cent. of the profits of a non-United Kingdom resident company that is controlled by residents of the United Kingdom. The provisions may operate to attribute a proportion of such a company’s profits to such 25 per cent. Shareholders. The UK Government has published a consultation document on the reform of the Controlled Foreign Companies regime. Although the scope of any reform cannot be accurately predicted, it is now expected that final legislation to introduce change to the regime will be introduced by Finance Bill 2012.

The attention of individuals ordinarily resident in the United Kingdom for United Kingdom tax purposes is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007, which may render them liable to income tax in respect of any undistributed income of the Company or any capital sum received from the Company.

It is anticipated that the shareholdings in the Company will be such as to ensure that the Company would not be a “close company” if it were resident in the United Kingdom (broadly, controlled by five or fewer participants). If, however, the Company would be a close company if so resident, capital gains accruing to it may be apportioned to United Kingdom resident or ordinarily resident Shareholders, under the provisions of Section 13 Taxation of Chargeable Gains Act 1992, who may thereby become chargeable to capital gains tax, or corporation tax on chargeable gains, on the gains apportioned to them.

13. Investment and other restrictions of the Company

The Company will only invest in accordance with its investment objective and investment policy as described in Part I of this document. In order to comply with the requirements of the UK Listing Authority and other regulatory bodies the Company undertakes to comply with the following restrictions:

- the majority of the executive officers and Directors of the Company may not be US citizens or residents;
- the business of the Company may not be administered principally in the United States;
- not more than 10 per cent., in aggregate, of the value of the total assets in the Company Portfolio at the time of Admission may be invested in other listed investment companies (including listed investment trusts) except that this restriction shall not apply to investments in investment companies or investment trusts which themselves have stated investment policies to invest no more than 15 per cent. of their total assets in other listed investment companies (including listed investment trusts);
- it will not conduct a trading activity which is significant in the context of its group as a whole;
- the Company will, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy set out on pages 49 and 50 of this document; and
- other than as set out in the investment policies of the Company in Part I of this document, transactions between the Company as principal and the underlying private equity or hedge funds (other than the buying, redemption or selling of shares or units in such funds) in the Company Portfolio will be prohibited.

In the event of any breach of investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Managers by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered address.

The Company will comply with the investment restrictions as set out above for so long as they remain requirements of the UKLA. The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Listing Rules, any material change to the investment policy of the Company will only be made with the approval of Shareholders.

14. Miscellaneous

- (a) There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since incorporation of the Company which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.
- (b) The Managers are or may be promoters of the Company. Save as described in paragraph 8 above and in this paragraph 14, no cash, securities or benefits have, since the date of incorporation, been paid or given by the Company or are now proposed to be paid or given to any promoter.
- (c) The costs and expenses of and incidental to the Acquisition and the issue of the Placing Shares (including the costs of printing this document, the fees and expenses of its professional and corporate finance advisers), all of which are payable by the Company, are estimated to be £366,495.00.
- (d) The Company has the following subsidiaries, all of which are incorporated in Guernsey (ownership percentages in parentheses): BSPEL Mezzanine Funding Limited (100 per cent.), BSPEL/MIGDAL Mezzanine Limited (80 per cent.), Hunter Acquisition Limited (65.3 per cent.), BSPEL Australia Limited (100 per cent.), JPEL TF Limited (100 per cent.), JPEL Convey Limited (100 per cent.), Back Bay (Guernsey) Limited (78.8 per cent.) and JPEL Holdings Limited (100 per cent.). Furthermore, the Company has the following additional subsidiaries (jurisdiction and ownership percentages in parentheses): BSPEL (Lux) S.a.r.l. (Luxembourg, 100 per cent.), Iberian Acquisition Holdings LLC (Delaware, 100 per cent.), Primopiso Acquisition S.à r.l. (Luxembourg, 100 per cent.).
- (e) The Company does not have, nor has it had since its incorporation, any employees. The Company does not have a place of business in the United Kingdom. It neither owns nor occupies any premises.
- (f) The Company's auditors are KPMG Channel Islands Limited, Chartered Accountants, of 20 New Street, St. Peter Port, Guernsey GY1 4AN.
- (g) No application is being made for the Placing Shares to be listed, or dealt in, on any stock exchange or investment exchange other than the London Stock Exchange.
- (h) As a result of money laundering legislation in Guernsey, the Managers reserve the right in all cases to request further documentation or information from or relating to placees or applicants for the Placing Shares. Such documentation and information will be used to verify the identity of existing or potential investors or the status of financial intermediaries.
- (i) BSAM Inc. was formed as a New York corporation on 15 March 1985. BSAM Inc. has its registered office at 270 Park Avenue, New York, NY 10017, United States of America. BSAM Inc. is regulated by the US Securities and Exchange Commission as a registered investment adviser under the US Investment Advisors Act of 1940.
- (j) HSBC Management (Guernsey) Limited ("**HMG**"), which provides custody services to the Company, was incorporated and registered in Guernsey on 25 September 1986 as a limited liability company under the Companies Law with registered number 15988. HMG has its registered office at Arnold House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 3NF and its telephone number at its registered office is +44 (0) 1481 759000. HMG is licensed by the Guernsey Financial Services Commission to carry out controlled investment business under The Protection of Investors (Balliwick of Guernsey) Law 1987, as amended.

- (k) Save as required for the Company to meet its obligations under the rules and regulation of the UK Listing Authority and the Guernsey Financial Services Commission and under the UK Financial Services and Markets Act 2000, as amended, the publication or delivery of this document shall not under any circumstances imply that the information contained in this document is correct as at any time subsequent to the date of this document or that there has not been any change in the affairs of the Company since that date.
- (l) The Company is receiving legal, financial and accounting advice from Herbert Smith LLP, Liberum Capital and KPMG Channel Islands Limited respectively, in addition to certain administrative services from third parties in connection with the Acquisition and the issue of the Placing Shares. The professional advisers act for many other clients, including others in the investment funds sector and on occasion the professional advisers may face conflicts of interest as a result of acting both for the Company and such other clients. In the event of a conflict of interest, the professional advisers will take reasonable steps to ensure that it is resolved fairly.
- (m) There is no over-allotment or green shoe facility under the Acquisition or the issue of the Placing Shares.
- (n) As at the date of this document, there have been no public takeover bids by third parties in respect of the Company's equity since the Company's incorporation.
- (o) Where information has been sourced from a third party in this document, the Company confirms that the information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

15. Working Capital

In the Company's opinion, taking into account the existing Facility Agreement, the Group has sufficient working capital for its present requirements (that is, for at least the 12 months following the date of this document).

16. Capitalisation and indebtedness

The following table shows the Company's gross indebtedness as at 11 August 2011 (being the latest practicable date prior to the posting of this document):

	<i>As at 11 August 2011 US\$ '000</i>
Total current debt	
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil
Total non-current debt (excluding current portion of non-current debt)	
Guaranteed	Nil
Secured	57,129
Unguaranteed/unsecured	Nil

The following table shows the capitalisation of the Company as at 30 June 2010. The information below has been extracted without material adjustment from the audited report and financial statements of the Company for the year to 30 June 2010.

	<i>As at 30 June 2010 US\$ '000</i>
Shareholders' equity	
Share capital	458,624
Legal reserve ¹	Nil
Other reserves	38,866
TOTAL	<u>497,490</u>

Notes:

1 Legal Reserve and Other Reserve do not include profit and loss reserves

Between 30 June 2010 and 11 August 2011 (being the latest date prior to the posting of this document) the other reserves have been decreased by US\$14,286,000 to US\$444,338,000. There has been no other change to Shareholders' equity.

As at 11 August 2011 (being the latest practicable date prior to the posting of this document), the Company had no indirect or contingent indebtedness.

The following table shows the Company's unaudited net indebtedness as at 11 August 2011 (being the latest practicable date prior to the posting of this document):

	US\$ '000
A. Cash	36,925
B. Cash equivalent	Nil
C. Trading securities	Nil
D. Liquidity (A – B – C)	36,925
E. Current financial receivable	Nil
F. Current bank debt	Nil
G. Current portion of non-current debt	Nil
H. Other current financial debt	Nil
I. Current financial debt (F – G – H)	Nil
J. Net current financial indebtedness (I – E – D)	36,925
K. Non-current bank loans	(57,129)
L. Bonds issued	Nil
M. Other non-current loans	Nil
N. Non-current financial indebtedness (K – L – M)	(57,129)
O. Net financial indebtedness (J – N)	(20,204)

17. Documents available for inspection

Copies of the following documents are available for inspection at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS and at the registered office of the Company during normal business hours of any Business Day until the date of Admission:

- the Memorandum and Articles of Incorporation of the Company;
- the audited reports and accounts for the years to 30 June 2008, 30 June 2009 and 30 June 2010;
- the unaudited interim reports and financial statements for the periods from 30 June 2010 to 30 June 2011; and
- this document.

In addition, copies of this document are available, for inspection only, from the National Storage Mechanism (<http://www.hemscott.com/nsm.do>).

Further copies of this document may be obtained, free of charge, from the registered office of the Company and from:

J.P. Morgan Asset
Management
20 Finsbury Street
London EC27 9AQ
United Kingdom

Bear Stearns Asset
Management Inc.
270 Park Avenue
New York
New York 10017
United States of America

JPMorgan Asset Management
(UK) Limited
125 London Wall
London EC2Y 5AJ

16 August 2011

DEFINITIONS

“2013 Final Capital Entitlement”	in respect of a 2013 ZDP Share, the accrued capital entitlement of such a share on the 2013 Final Capital Entitlement Date or, if lower, the amount per 2013 ZDP Share to which holders of 2013 ZDP Shares would be entitled, and would receive on a winding-up of the Company
“2013 Final Capital Entitlement Date”	28 June 2013 or if such date is not a Business Day then the immediately preceding Business Day
“2013 ZDP Shareholder”	a holder of 2013 Zero Dividend Preference Shares
“2013 Zero Dividend Preference Shares” or “2013 ZDP Shares”	redeemable participating preference shares no par value each in the capital of the Company designated as 2013 ZDP Shares
“2015 Final Capital Entitlement”	in respect of a 2015 ZDP Share, the accrued capital entitlement of such a Share on the 2015 Final Capital Entitlement Date or, if lower, the amount per 2015 ZDP Share to which holders of 2015 ZDP Shares would be entitled and would receive on a winding-up of the Company
“2015 Final Capital Entitlement Date”	31 December 2015 or if such date is not a Business Day then the immediately preceding Business Day.
“2015 ZDP Shareholders”	a holder of 2015 ZDP shares
“2015 Zero Dividend Preference Shares” or “2015 ZDP Shares”	redeemable participating preference shares of no par value each in the capital of the Company designated as 2015 ZDP Shares
“2017 Final Capital Entitlement”	in respect of a 2017 ZDP Share, the accrued capital entitlement of such a Share on the 2017 Final Capital Entitlement Date or, if lower, the amount per 2017 ZDP Share to which holders of 2017 ZDP Shares would be entitled and would receive on a winding-up of the Company
“2017 Final Capital Entitlement Date”	31 December 2017 or if such date is not a Business Day then the immediately preceding Business Day.
“2017 ZDP Shareholders”	a holder of 2017 ZDP shares
“2017 Zero Dividend Preference Shares” or “2017 ZDP Shares”	redeemable participating preference shares of no par value each in the capital of the Company designated as 2017 ZDP Shares
“Acquisition”	the acquisition by the Company of the Transfer Portfolio pursuant to the terms of the Acquisition Agreement
“Acquisition Agreement”	the agreement to be entered into between the Company and the SPL Funds for the acquisition of the Transfer Portfolio, a summary of which is set out in paragraph 8(e) of Part IX of this document
“Adjusted Total of Capital and Reserves”	has the meaning given to it in paragraph 4(m)(ii) of Part IX of this document
“Administration and Company Secretarial Agreement”	the administration and company secretarial agreement, dated 21 June 2005, between the Company, the Managers and the Administrator, details of which are set out in paragraph 8(b) of Part IX of this document
“Administrator” or “Company Secretary” or “HMG”	HSBC Management (Guernsey) Limited

“Admission”	admission of the Placing Shares to the premium segment and the standard segment (as appropriate) of the Official List and to trading on the London Stock Exchange’s main market for listed securities and such admissions becoming effective
“Articles”	the articles of incorporation of the Company in force from time to time
“Assumptions”	the principal bases and assumptions set out in Part III of this document concerning the illustrative 2017 Final Capital Entitlement and Redemption Yield
“Auditors”	KPMG Channel Islands Limited
“Australian Dollar” or “AUD” or “AU\$”	the lawful currency of Australia
“Bear Stearns”	the Bear Stearns Companies Inc.
“BHCA”	the US Bank Holding Company Act of 1956, as amended
“BSAM Inc.”	Bear Stearns Asset Management Inc.
“Business Day”	any day (other than a Saturday or Sunday) on which commercial banks are open for general business in London and Guernsey
“C Shares”	the US\$ Equity C Shares, the Sterling Equity C Shares, the Euro Equity C Shares and/or such other class of C Shares issued from time to time
“Capita Registrars”	a trading name of Capita Registrars Limited
“certified” or “certified form”	not in uncertificated form
“City Code”	the City Code on Takeovers and Mergers
“Closing Date”	2011 the date that is two Business Days after the date of each general meeting of the shareholders of the SPL Funds to be convened in accordance with the Acquisition Agreement (which is expected to be 12 September 2011) or such later date that the Company and the SPL Funds may agree
“Code”	the United States Internal Revenue Code of 1986, as amended
“Companies Law”	The Companies (Guernsey) Law 2008, as amended
“Company Portfolio”	at any time, the private equity funds, direct investments in private equity, hedge funds, funds of hedge funds and other investments, rights to investments, instruments and securities in which the Company’s assets are invested
“Company”	J.P. Morgan Private Equity Limited
“Cover”	unless specifically noted otherwise, in respect of each class of Issued ZDP Shares, at any date, the number of times by which the Net Asset Value of the Company (excluding for the avoidance of doubt revenue profits and accumulated revenue reserves) exceeds the aggregate amount which holders of the relevant class of Issued ZDP Shares would be entitled to receive as at the 2013 Final Capital Entitlement Date or the 2015 Final Capital Entitlement Date or the 2017 Final Capital Entitlement Date (as applicable)
“CRA”	the United States Community Reinvestment Act

“CREST” or “CREST system”	the paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument
“CREST Guernsey Requirements”	Rule 22 and such other of the rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the document entitled “CREST Reference Manual” issued by Euroclear
“Directors” or “Board”	the board of directors of the Company
“Disclosure and Transparency Rules”	the disclosure and transparency rules FSA under Part VI of FSMA
“Dodd-Frank Act”	the United States Dodd-Frank Wall Street Reform and Consumer Protection Act
“Economic Transfer Agreement”	the agreement dated 15 August 2011 between the Company and the SPL Funds relating to certain ownership interest comprised in the Transfer Portfolio, a summary of which is set out in paragraph 8(f) of Part IX of this document
“Enhanced Cash Management Strategy”	the strategies that may be employed by the Company to ensure appropriate liquidity to meet present and future private equity commitment obligations and to increase returns on uninvested cash, including, from time to time, investment in, amongst other things, funds of hedge funds and hedge funds, fixed income instruments, short dated government bonds, money market instruments, bank deposits, bank loans and other financial instruments
“Equity Share Annual Distribution”	the facility to be operated at the Directors’ discretion for the return of capital by way of partial redemption of Equity Shares, as more fully described in Part II of this document a holder of Equity Shares redeemable participating preference shares of no par value each in the capital of the Company designated as Equity Shares
“Equity Shareholders”	holders of each class of Equity Shares
“Equity Shares”	the US\$ Equity Shares, the Sterling Equity Shares, and/or the Euro Equity Shares (as appropriate) in issue from time to time and any other share class issued with the same rights as Shares of those classes but quoted, and having their Net Asset Value calculated and reporting, in another currency
“ERISA”	the US Employee Retirement Income Security Act of 1974, as amended
“Euro” or “€” or “EUR”	the lawful single currency of member states of the European Communities that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union
“Euro Equity C Shares”	shares of no par value each in the capital of the Company which will be designated as Euro Equity C Shares on their allotment and issue and which will convert in Euro Equity Shares on their conversion
“Euro Equity Shares”	redeemable participating preference shares of no par value, each in the capital of the Company which will be designated as Euro Equity Shares on their allotment and issue

“Euroclear”	Euroclear UK & Ireland Limited
“Excluded Territories”	the United States, Australia, Canada, Japan, New Zealand, South Africa and any other jurisdiction where the extension or availability of the Placing Shares would breach any applicable law
“Facility Agreement”	a revolving loan facility agreement between the Company and Lloyds TSB Bank plc dated 7 March 2011, details of which are set out in paragraph 8(d) of Part IX of this document
“Federal Reserve”	the US Board of Governors of the Federal Reserve System
“Financial Services Authority” or “FSA”	The UK Financial Services Authority
“Founder Shares”	ordinary shares of £1 each in the capital of the Company
“FSMA”	the UK Financial Services and Markets Act 2000
“GLB”	the US Gramm-Leach-Bliley Act, as amended
“Group”	the Company and its subsidiaries from time to time
“Gulf Acquisition”	the acquisition by the Company of an interest in Gulf Healthcare International, LLC, a healthcare company with operations in the United Arab Emirates and Kuwait
“ISA”	Individual savings account
“Issued ZDP Shares”	the 2013 ZDP Shares and/or 2015 ZDP Shares and/or 2017 ZDP Shares (as the context may require)
“J-Curve”	the economic theory that: (i) the internal rate of return of a fund is low in its early stages, particularly due to costs incurred in starting the fund; and (ii) over time, as more investments are made, mature and become profitable, the internal rate of return increases; the shape of the internal rate of return, if graphed over time, resembles a “J”. There is no assurance that any private equity fund will be profitable, that there will be proceeds from its investments or that it will return capital to its investors
“JPMAM Ltd”	JPMorgan Asset Management (UK) Limited
“JPMorgan”	JPMorgan Chase & Co.
“Liberum Capital”	Liberum Capital Limited
“Listing Rules”	the listing rules made by the FSA under Section 73A of the FSMA
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	The amended and restated management agreement dated 29 December 2010, between the Company, the Managers and JPMorgan Chase & Co., details of which are set out in paragraph 8(a) of Part IX of this document
“Managers”	Bear Stearns Asset Management Inc. (which is a registered investment adviser pursuant to the Investment Advisors Act of 1940) and JPMorgan Asset Management (UK) Limited (which is authorised and regulated by the Financial Services Authority in the United Kingdom)

“Net Asset Value” or “NAV”	at any time the net asset value of the Company in total (including, for the avoidance of doubt, the Net Asset Value of each class of Issued ZDP Shares), or (as the context requires) per US\$ Equity Share, 2013 ZDP Share, 2015 ZDP Share, or 2017 ZDP Share other Share class issued from time to time, calculated in accordance with the Company’s accounting policies
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA
“Overseas Investors”	persons who are resident in, or citizens of, countries other than the United Kingdom or Guernsey
“Packaged Units”	units each comprising one US\$ Equity Share and one 2013 ZDP Share that are separately tradable (but not listed in their own right)
“PEP”	personal equity plan
“PFIC”	Passive Foreign Investment Company
“Placing Shares”	the 2017 ZDP Shares and US\$ Equity Shares to be issued pursuant to the Acquisition Agreement
“Plan Asset Regulations”	29 C.F.R 2510.3-101, as modified by Section 3(42) of ERISA
“Premium Listing”	means a premium listing under Chapter 15 of the Listing Rules (for a closed-ended company)
“Private Equity Portfolio”	the portfolio of private equity fund interests and other private equity investments owned by the Company from time to time
“Prospectus Directive”	Directive 2003/71/EC and any relevant implementing measure in each Relevant Member State
“Prospectus Rules”	the prospectus rules made by the FSA under section 74A of the FSMA
“Purchase Price”	has the meaning given to it under the heading “Background to and reasons for the Acquisition” in Part I of this document on page 47 of this document
“QEF”	qualified electing fund
“Record Date”	31 December 2010
“Redemption Yield”	in respect of a Share or a Packaged Unit, the annually compounded rate of interest at which the total discounted values of future payments of income and capital equate to its actual or assumed value at the date of calculation
“Registrar”	Capita Registrars (Guernsey) Limited
“Registrar Agreement”	the registrar agreement, dated 21 June 2005, between the Company and the Registrar, details of which are set out in paragraph 8(c) of Part IX of this document
“Regulation S”	Regulation S under the US Securities Act
“RIS”	a regulatory information service, being one of the service providers listed in Schedule 12 of the Listing Rules
“Shareholder”	a holder of Shares

“Shares”	each class of Equity Shares and/or each class of the Issued ZDP Shares and/or the Placing Shares, as the context may require
“SIPPS”	a self-invested personal pension scheme as defined in Regulation 3 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001
“SPL Funds”	SPL Private Equity (PE1) Ltd, SPL Parallel Private Equity (PE2) IC Ltd and SPL Integrated Finance (PE3) IC Limited
“Sponsorship Agreement”	the Sponsorship Agreement dated 15 August 2011 between the Company, the Managers and Liberum, a summary of which is set out in paragraph 8(g) of Part IX of this document
“SSAS”	a small self-administered scheme as defined in Regulation 2 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 (SI 1991/1614)
“Standard Listing”	means a standard listing under Chapter 14 of the Listing Rules
“Sterling Equity C Shares”	shares of no par value each in the capital of the Company which will be designated as Sterling Equity C Shares on their allotment and issue and which will convert in Sterling Equity Shares on their conversion
“Sterling Equity Shares”	redeemable participating preference shares of no par value each in the capital of the Company which will be designated as Sterling Equity Shares on their allotment and issue
“Sterling” or “£” or “pence”	the lawful currency of the United Kingdom
“Tender Date”	30 June and 31 December in each year, or if such a date is not a Business Day then the immediately preceding Business Day but does not include any date on or immediately before which a resolution to wind up the Company is passed
“Tender Offer Facility”	the offer by the Company (at the sole discretion of the Directors) to purchase Shares on a Tender Date
“Total Assets”	the total assets of the Company which, for the avoidance of doubt, shall include the aggregate Net Asset Value of the 2013 ZDP Shares, 2015 ZDP Shares and 2017 ZDP Shares, each as a class, any drawn down borrowings, less current liabilities (other than the principal amount of monies borrowed and excluding contingent liabilities)
“Transfer Portfolio”	the portfolio of private equity fund interests comprised in the Parallel Private Equity Limited Partnership (excluding the investments that are the subjects of the Economic Transfer Agreement) that the Company proposes to purchase, subject to the terms and conditions of the Acquisition Agreement,
“TTE Instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear)
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the Financial Services Authority in its capacity as the competent authority for listing in the United Kingdom pursuant to Part VI of the FSMA

“uncertificated form” or “in uncertificated form”	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Dollar” or “US\$”	the lawful currency of the United States
“US Federal Reserve Act”	the US Federal Reserve Act, as amended
“US Investment Advisers Act”	The US Investment Advisers Act of 1940, as amended
“US Investment Company Act”	the US Investment Company Act of 1940, as amended
“US Person”	has the meaning given in Regulation S under the US Securities Act
“US Plan Investor”	(i) an employee benefit plan as defined in section 3(3) of ERISA (whether or not subject to the provisions of Title 1 of ERISA, but excluding plans maintained outside the US that are described in Section 4(b)(4) of ERISA); (ii) a plan, individual retirement account or other arrangement that is described in Section 4975 of the US Tax Code, whether or not such plan, account or arrangement is subject to Section 4975 of the US Tax Code; (iii) an insurance company using general account assets, if such general account assets are deemed to include assets of any of the foregoing types of plans, accounts or arrangements for purposes of Title I of ERISA or Section 4975 of the US Tax Code; or (iv) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code
“US Securities Act”	the US Securities Act of 1933, as amended
“US Tax Code”	the US Internal Revenue Code of 1986, as amended
“US Treasury Department”	the United States Department of the Treasury
“US\$ Equity C Shares”	shares of no par value each in the capital of the Company which will be designated as US\$ Equity C Shares on their allotment and issue and which will convert in US\$ Equity Shares on their conversion
“US\$ Equity Share”	redeemable participating preference shares of no par value each in the capital of the Company designated as US\$ Equity Shares (which were prior to 14 October 2008, designated as “Equity Shares”)
“US\$ Equity Shareholders”	a holder of US\$ Equity Shares
“Valuation Point”	the time at which the Net Asset Value of the Company is calculated generally being 5.00 p.m. (Guernsey time) on the last Business Day of the third week of each month; the last Business Day of each month; and the last Business Day of a calendar quarter or such other date as the Directors may from time to time determine
“Warrant Instrument”	the deed poll containing the terms of the Warrants dated 14 August 2009
“Warrantholder”	a holder of Warrants
“Warrants”	the Warrants issued by the Company as further described in Part I of this document
“ZDP Test”	has the meaning as given to it in paragraph 4(c)(ii) of this document