

This document (the "Listing Document") includes particulars given in compliance with the Listing Rules (the "CISX Listing Rules") of the Channel Islands Stock Exchange, LBG (the "CISX") for the purpose of giving information with regard to Channel Islands Property Fund Limited (the "Company"). The directors of the Company (the "Directors"), whose names and addresses appear on page 3 of this Listing Document, accept full responsibility for the information contained in this Listing Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application has been made to the CISX for up to 50,000,000 Ordinary Shares of no par value each (the "Shares"), in issue, to be admitted to the Official List of the CISX. It is expected that admission of the Shares to the Official List of the CISX will become effective, and that dealings shall commence, on or about 16 November 2010.

CHANNEL ISLANDS PROPERTY FUND LIMITED

(an authorised closed-ended investment company incorporated with limited liability under The Companies (Guernsey) Law, 2008 with registered number 52324)

**PLACING OF UP TO 50,000,000 ORDINARY SHARES
(at 100 pence per Ordinary Share)
AND
LISTING ON THE OFFICIAL LIST OF
THE CHANNEL ISLANDS STOCK EXCHANGE LBG**

Authorised Number	Share capital of the Company immediately following Admission		Issued and fully paid up to	
			Number	Amount
Unlimited	<i>Ordinary Shares of no par value</i>		50,000,000	£50,000,000

The Company is a closed-ended investment scheme authorised as an Authorised Closed-Ended Investment Scheme by the Guernsey Financial Services Commission under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Scheme Rules 2008. 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.

The Placing Shares will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission and will otherwise rank pari passu in all respects with the other existing Ordinary Shares in issue on Admission.

Neither the admission of Ordinary Shares to the Official List nor the approval of the Listing Document pursuant to the listing requirements of the CISX shall constitute a warranty or representation by the CISX as to the competence of the service providers to or any other party connected with the Ordinary Shares, the adequacy and accuracy of the information contained in the Listing Document or the suitability of the issuer for investment or any other purpose.

Copies of this document will be available during normal business hours on any day (except Saturdays, Sundays, Bank and Public Holidays in Guernsey) free of charge to the public at the offices of Legis Fund Services Limited at 1 Le Marchant Street, St. Peter Port, Guernsey, GY1 4HP for one month from the date of Admission.

The Placing is not being made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national state or other securities exchange of, a Restricted Jurisdiction and the Offer is not capable of acceptance by any such use, means, instrumentality or facilities, or from within a Restricted Jurisdiction subject to certain exceptions. Accordingly, copies of this document and any other related document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed, transmitted or sent in or into or from a Restricted Jurisdiction and persons receiving this document and any other related document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Placing. The availability of the Placing to persons who are not resident in the Channel Islands or the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdiction.

CONTENTS

DIRECTORS, MANAGER AND ADVISERS.....	3
PLACING STATISTICS.....	5
EXPECTED TIMETABLE OF PRINCIPAL EVENTS.....	5
KEY INFORMATION.....	6
SUMMARY.....	12
PART I INFORMATION ON THE COMPANY.....	16
PART II DIRECTORS, MANAGEMENT AND ADMINISTRATION.....	22
PART III SUMMARY OF THE PLACING.....	27
PART IV RISK FACTORS.....	28
PART V INITIAL PROPERTY PORTFOLIO.....	35
PART VI VALUATION REPORT.....	38
PART VII ADDITIONAL INFORMATION.....	43
DEFINITIONS.....	72

DIRECTORS, MANAGER AND ADVISERS

Directors	Peter Tom CBE (Non-executive Chairman) Paul Bell (Non-executive Director) Shelagh Mason (Non-executive Director)
Registered Office, Principal Place of Business of the Company and Business Address of the Directors	1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Guernsey and Jersey Legal Advisers	Mourant Ozannes Advocates and Notaries Public P.O. Box 186 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
UK Legal Advisers	EMW Picton Howell LLP Seebeck House 1 Seebeck Place Knowlhill Milton Keynes MK5 8FR
Auditor and Reporting Accountants	KPMG Channel Islands Limited 20 New Street St. Peter Port Guernsey GY1 4AN
Administrator/Registrar	Legis Fund Services Limited P.O. Box 186 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Bankers	HSBC Bank plc P.O. Box 31 13 High Street St. Peter Port Guernsey GY1 3AT
Listing Sponsor	Legis Fund Services Limited P.O. Box 186 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Manager	Cenkos Channel Islands Limited P.O. Box 222 16 New Street St. Peter Port Guernsey GY1 4JG

Investment Consultant

Riverside Capital Group Limited
Liberty House
222 Regent Street
London
W1B 5TR

PLACING STATISTICS

Placing Price per Ordinary Share	100 pence
Number of new Ordinary Shares being placed	50,000,000
Number of Ordinary Shares in issue immediately following the Placing	50,000,000
Market capitalisation of the Company at the Placing Price	£50,000,000
Estimated net proceeds of the Placing receivable by the Company	£47,750,000

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document and posting of the offer	26 October 2010
Closing date of the offer	23 November 2010
Offer period	26 October 2010 to 23 November 2010
Admission and commencement of dealings in Ordinary Shares	16 November 2010 ¹
Issue and despatch of contract notes	by 23 November 2010 ¹

Each of the times and dates in the above timetable is subject to change. All times are Guernsey times.

¹ Subject to the offer becoming or being declared unconditional in all respects (except the Admission condition).

KEY INFORMATION

The following information should be read in conjunction with the full text of this document from which it is derived and of which it forms part. Potential investors should read the whole document and not just rely on the key information set out below. Your attention is drawn, in particular, to the risk factors in Part IV of this document.

1. The Company

Channel Islands Property Fund Limited is a new Guernsey authorised closed-ended investment company incorporated under The Companies (Guernsey) Law, 2008 on 25 August 2010 with registration number 52324. The Company was registered as an authorised closed-ended investment company under the POI Law on 26 October 2010. On 24 August 2016, the Directors will consider the performance of the Company and the prevailing market conditions and will make recommendations to the Shareholders as to whether, in their opinion, the Company should continue or be wound up. Cenkos Channel Islands Limited will act as the Company's Manager on the terms set out in this document and the Investment Management Agreement. The Manager is the promoter of the Company.

Riverside Capital Group Limited, a recently incorporated UK company, owned by, inter-alia, Andrew Taylor, Dominic Wright (whose details appear on page 26) and the Manager, has been formed to provide dedicated investment expertise to the Manager and to assist the Manager in exercising its responsibilities, under the Investment Management Agreement, to the Company.

2. Investment Objective and Policy

The Company has been established with the objective of providing an investment opportunity that aims to provide a total return from a combination of capital growth and an appropriate dividend policy through the acquisition and active management of commercial property predominantly in the Channel Islands. Target properties are intended to be fully or partially let and provide a core income which may offer opportunities to add value through active asset management across all sectors of the property market.

Subject thereto (and to the restrictions described in paragraph 4 below) there are no geographical or other limitations or restrictions to which investment by the Company is subject.

No material change to the above investment objectives and policies may be made within a period of 3 years from Admission without Shareholder approval. The Company may invest in derivatives and investments and funds and companies owning property and financial indices which are property related including, but not limited to, property development.

Pending investment, the Placing Proceeds will be held in cash or near cash investments, with any interest earned for the benefit of the Company.

3. The Initial Property

The Company has agreed to acquire (via the acquisition of the entire issued share capital of the Property Company and the repayment of existing debt) the Initial Property, for an aggregate consideration of approximately £37,400,000. The Initial Property generates a current annual rent of £2,376,836.

The Initial Property will be acquired by the Company, through its wholly owned subsidiary Regency, conditional, inter-alia, on Admission. The consideration will be satisfied as follows:

- (1) each Equity Investor Share and each Equity Loan Note will be purchased, by the Company, through its wholly owned subsidiary Regency, in respect of each Equity Unit in consideration for:

- (i) 20,000 Ordinary Shares (being such number of Ordinary Shares as equates, at the Placing Price, to the sum of £20,000 being a sum equal to 80 per cent. of the original issue price of such Equity Unit and comprising consideration of 1p per Equity Investor Share and £19,950 for the Equity Loan Notes comprised in such Equity Unit); or
 - (ii) the sum of £17,500 paid in cash (being a sum equal to 70 per cent. of the original issue price of such Equity Unit and comprising consideration of 1p per Equity Share and £17,450 for the Equity Loan Notes comprised in such Equity Unit);
- (2) each Mezzanine Loan Note be purchased in cash, by Regency, for its full principal amount together with the total amount outstanding in respect of accrued but unpaid interest on each such Mezzanine Loan Note; and
 - (3) each Mezzanine Investor Share be purchased in cash, by Regency, for its original issue price, being the sum of 1p per Mezzanine Investor Share.

The initial yield on the Initial Property after costs of acquisition is approximately 6.35 per cent.

4. Investment Restrictions

It is the Company's intention to use the Net Proceeds to assist in the acquisition of the Initial Property and in the building of a diversified portfolio of property investments with a view to spreading risk.

The Company will seek to invest (or commit to invest) in accordance with guidelines determined by the Board and notified to the Manager from time to time.

Current guidelines require that:

- (save for the first 24 months from the date hereof), a maximum of twenty five (25) per cent. of the capital raised (calculated at the time of investment) may be allocated to any one particular investment, however where it is necessary to secure an investment up to fifty (50) per cent. of the capital raised may be allocated, provided that the necessary measures are taken within the following twelve (12) months to bring the investment within the twenty-five (25) per cent. guidelines; and
- (other than in respect of the first 24 months from the date hereof) leverage is expected to range between forty (40) per cent. and sixty five (65) per cent. of the total acquisition costs of an investment. The Board must satisfy itself that there are adequate cash flows to meet all foreseeable obligations and covenants relating to the loan for any relevant property or investment.

5. Investment Process

Decisions as to the purchase and sale of investments rest with the Board, which will be advised by the Manager.

The Investment Consultant will have full access to the resources of the Manager in assisting the Manager with regard to its responsibilities to the Company and in implementing investment decisions of the Board.

The Manager and the Investment Consultant will actively search for investments which meet the criteria determined by the Board, from time to time. Once a potential investment opportunity is identified the Manager will prepare a report for consideration by the Board.

Investment advice and recommendations for acquisition and disposal will be provided by the Manager to the Board for approval.

6. Investment Management Arrangements

The Company has entered into the Investment Management Agreement with the Manager. Under the Investment Management Agreement, the Manager will be responsible for sourcing, evaluating, negotiating, completing, monitoring and managing investments on behalf of the Company and for advising the Board as to the Company's acquisition and disposal policy and for implementing acquisitions and disposals determined by the Board.

The Investment Consultant will assist the Manager in performing some of its services under the Investment Management Agreement including, but not limited to, selecting potential investments, management of the portfolio and advising on the sale or refinancing of investments including refinancing strategy, (subject to the overall investment parameters and strategy of the Company as set out in this document) and for negotiating, implementing and concluding these transactions under the supervision of the Manager and ultimately the Board. The Investment Consultant will also perform such consultancy and advisory services for the Manager as the Manager may from time to time reasonably require.

The Investment Consultant has agreed to assist the Manager by providing dedicated advice and recommendations and investment advisory services to the Manager. The Manager will endeavour to manage the property with a view to maximising investment income and revenue.

The Investment Consultant is owned, inter-alia, by Andrew Taylor, Dominic Wright and the Manager.

7. Fees

Pursuant to the Investment Management Agreement, the Company will pay the Manager an annual fee equal to 0.6 per cent. per annum of the Gross Asset Value of the Company (which shall include assets that were purchased with leverage) calculated by reference to the Gross Asset Value as at the end of each quarter and payable quarterly in arrears. To the extent that there is a capital raising during a quarter, an adjustment shall be made to Gross Asset Value on a time apportioned basis. Where the completion date of the acquisition of an investment is made part way through a quarter, the portion of the fee paid relating to that investment shall be apportioned pro rata in accordance with the period from the completion date to the end of that quarter.

In addition, the Manager will be entitled to a performance fee equal to twenty (20) per cent. of any returns received by Shareholders in excess of an IRR of ten (10) per cent. per annum. The performance fee will be levied on all amounts paid to Shareholders in excess of the original amounts invested, plus the equivalent of an IRR of ten (10) per cent. per annum.

The performance fee will be payable (a) on the listing of the Company on any recognised investment exchange (excluding the CISX on Admission), (b) when all the Company's Investments have been sold or (c) on the liquidation of the Company.

Pursuant to the Investment Management Agreement the Company will pay the Manager an acquisition fee which will not exceed 1.5 per cent. of the purchase price of each Investment upon completion of such purchase.

Where a joint venture partner or third party property manager has been appointed to manage an investment, the Company will negotiate the terms on which such appointment or joint venture will operate in good faith for the benefit of the Company and fees arising out of such appointment or joint venture will be payable by the property holding vehicle of that joint venture.

The expenses of the Placing are estimated to amount to not more than four and a half (4.5) per cent. of the Placing Proceeds (including a placing fee of three (3) per cent. of the Placing Proceeds payable to the Manager).

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company, Admission, the Placing and the Offer. These expenses will be met by the Company and paid on or around Admission out of the Placing Proceeds.

The placing fee will be written off in the first year of incorporation. All the remaining costs and expenses associated with the Placing, including expenses of the issue and application for listing, costs in connection with the preparation of this document and the Offer Document and any registration fees, document duty and professional fees and expenses will be borne by the Company and amortised over the Company's first five accounting periods. It is not expected that the establishment costs (excluding the placing fee), including all legal, regulatory, structuring and start-up fees of the Company will exceed £250,000.

The Company will also incur ongoing operational expenses. These expenses include audit costs, taxes and duties imposed by any fiscal authority and any other government fees, costs of valuing and pricing assets, expenses of publishing any reports or notices, bank charges and any other expenses relating to the making of any capital or income distributions, insurance premiums, legal and professional expenses which the Company incurs, whether in litigation on behalf of the Company or in connection with the ongoing administration of the Company or otherwise and any other costs of a similar nature.

Any fees or commissions of any description (including but not limited to legal, accountancy and due diligence expenses) incurred in connection with proposed investments by the Company which do not proceed to completion shall be paid by the Company.

Pursuant to the Administration Agreement dated 26 October 2010, the Company will pay the Administrator an administration fee of thirty six thousand pounds (£36,000) in year 1. In subsequent years, the fees will be between thirty six thousand pounds (£36,000) and sixty thousand pounds (£60,000) per annum depending on the number of investments. There is an additional fixed fee, payable quarterly in arrears, of £8,000 for each investment purchased per annum once the Company acquires more than three investments.

Pursuant to the sponsorship agreement dated 26 October 2010, the Company will pay the Sponsor from the date of Admission, an annual fee of two thousand pounds (£2,000).

Each non-executive Director will be remunerated by the Company for acting as such (including directorships of any subsidiaries of the Company) up to a maximum of twenty thousand pounds (£20,000) per annum in respect of the Chairman and fifteen thousand pounds (£15,000) per annum each in respect of the Directors subject to annual review by the Board.

The Manager is responsible for payment of commission to authorised intermediaries. The Manager may receive commission payments on insurances placed on individual property assets. The Manager is responsible for payment of fees to the Investment Consultant pursuant to the Investment Service Agreement. On completion of the Offer and subject to receipt by the Manager of the acquisition fee pursuant to the Investment Management Agreement the Manager will pay a maximum of £200,000 to the Investment Consultant.

8. The Placing

Ordinary Shares are being conditionally placed at the Placing Price with Shareholders, subject, *inter alia*, to the Placing Agreement becoming unconditional.

The Placing is intended to raise up to fifty (50) million pounds before expenses. The cash expenses of the Placing are estimated to amount to not more than four and a half (4.5) per cent. of Placing Proceeds which includes a placing fee of three (3) per cent. of the Placing Proceeds payable to the Manager. The Placing is not being underwritten. The minimum subscription pursuant to the Placing on which the

Company may proceed to allotment is approximately £16,500,000. The Manager will receive its placing commission in cash and not shares.

There is no fixed period within which the Company is required to make an investment or return funds to Shareholders.

Subject to completion of the Offer it is intended that Regency will enter into the Facility with HSBC Bank plc. Regency will then enter into an intra group loan agreement with the Property Company which will in turn enter into an intra group loan agreement with the Property Subsidiary in the amount of the Facility. In addition, the Company will enter into an intra group loan agreement with the Property Company which will in turn enter into an intra group loan agreement with the Property Subsidiary in the amount of approximately £12,000,000 from the Placing. The aggregate amount of approximately £33,000,000 will then be used by the Property Subsidiary to repay its existing indebtedness.

9. Dividend Policy

The Directors intend to adopt an appropriate dividend policy for the Company commensurate with and appropriate to the make-up of its investment portfolio and investment policy from time to time.

Cash generated during the initial investment period pending investment of all or substantially all of the Net Proceeds is intended to be retained by the Company to exploit potential investment opportunities.

10. Purchase of Ordinary Shares by the Company

Conditional upon Admission and subject to the Law, the Company has been granted authority to make market purchases of up to 14.99 per cent. of its own issued Ordinary Shares following the conclusion of the Placing.

In order to address any imbalance in the supply of and demand for Ordinary Shares and to assist in minimising the volatility of the discount or premium to NAV per Ordinary Share at which the Ordinary Shares may be trading from time to time the Company may purchase Ordinary Shares or reissue Ordinary Shares when deemed appropriate. Shareholders should have no expectations that the Board will exercise any such discretion on any one or more occasions in respect of the Ordinary Shares.

11. Borrowings

Regency will enter into the Facility. The Facility will have a maximum term of five (5) years and interest will be charged at a maximum rate of 4.40 per cent. It is intended that the Facility will be secured by a bond over the Initial Property and a security agreement over the shares in the Property Subsidiary and any intra group indebtedness. The obligations of Regency in respect of the Facility will be guaranteed by each of the Property Company and the Property Subsidiary and the obligations under that guarantee will be secured by security agreements from each of them over the rent account, the insurances held by the Property Subsidiary, the property management agreements, the leases and rental income and the construction contracts in respect of the Property under which any rights remain extant.

Current guidelines require that:

- (save for the first 24 months from the date of Admission), a maximum of twenty five (25) per cent. of the capital raised (calculated at the time of investment) may be allocated to any one particular investment, however where it is necessary to secure an investment up to fifty (50) per cent. of the capital raised may be allocated, provided that the necessary measures are taken within the following twelve (12) months to bring the investment within the twenty-five (25) per cent guidelines; and
- (other than in respect of the first 24 months from the date of Admission) leverage is expected to range between forty (40) per cent. and sixty five (65)

per cent. of the total acquisition costs of an investment. The Board must satisfy itself that there are adequate cash flows to meet all foreseeable obligations and covenants relating to the loan for any relevant property or investment

The Company may also be indirectly exposed to the effects of gearing to the extent that any investee company has borrowings.

12. Report and Accounts and Accounting Policies

The Company has only recently been incorporated and consequently it has not yet published any financial information.

The Company's annual report and accounts will be prepared up to 31 October each year starting with the financial period ending on 31 October 2011 and it is expected that copies will be sent to Shareholders within such time as to comply with applicable laws and regulations, including the rules of any applicable stock exchange. The Company's financial statements will be prepared in accordance with International Financial Reporting Standards.

The NAV will be calculated in accordance with the Articles and the accounting and valuation policies adopted by the Directors from time to time for inclusion in the audited accounts of the Company. The NAV will be calculated quarterly at the NAV Calculation Date and published quarterly with the Company's yearly and interim reports and statements and will be notified to the CISX as soon as practicable after calculation and within such time as to comply with applicable laws and regulations, include the rules of any applicable stock exchange.

13. Risk Factors

This is a summary of some of the risk factors applicable to an investment in the Company. Please refer to Part IV (Risk Factors) of this document for a more detailed list of the risk factors involved.

There can be no guarantee that the investment objective of the Company will be met.

The value of the Ordinary Shares can go down as well as up and investors may not get back the full value of their investment.

There can be no assurance that an active trading market in the Ordinary Shares will develop and be sustained and, if no such market is developed, the price and liquidity of the Ordinary Shares will be adversely affected.

Difficulties in obtaining credit and banking facilities may affect the ability of the Company and/or businesses in which it invests to obtain finance or funding.

Investment returns on property investments are dependent upon the financial strength of tenants and any guarantors throughout the period of the occupational leases.

There is no guarantee that the market price of the Ordinary Shares will fully reflect their underlying NAV.

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such an investment, or other investors who have been professionally advised with regard to investment, and who have sufficient resources to bear any loss which might result from such an investment (taking into account the fact that those losses may be equal to the whole amount invested).

SUMMARY

The following summary should be read as an introduction to this document. Any decision to invest in the Company should be based on consideration of this document as a whole by the prospective investor.

1. INTRODUCTION

On 26 October 2010 the board of directors of the Company and of the Property Company announced that they had reached agreement on the terms of a recommended offer, to be made by the Company for the Equity Investor Shares, Mezzanine Investor Shares, the Equity Loan Notes and the Mezzanine Loan Notes.

The board of directors of the Property Company consider the terms of the Offer to be fair and reasonable. Accordingly, at the date of this document, it has unanimously recommended that the holders of Equity Investor Shares, the Mezzanine Investors Shares, Equity Loan Notes and the Mezzanine Loan Notes accept the Offer in accordance with the terms in the Offer Document.

2. SUMMARY OF THE TERMS OF THE OFFER

The Company is offering to acquire, through Regency, on the terms and subject to the conditions set out in the Offer Document, the Equity Investor Shares, the Mezzanine Investor Shares, the Equity Loan Notes and the Mezzanine Loan Notes on the following basis:

- (1) each Equity Investor Share and each Equity Loan Note will be purchased, by the Company, through its wholly owned subsidiary Regency, in respect of each Equity Unit in consideration for:
 - (i) 20,000 Ordinary Shares (being such number of Ordinary Shares as equates, at the Placing Price, to the sum of £20,000 being a sum equal to 80 per cent. of the original issue price of such Equity Unit and comprising consideration of 1p per Equity Investor Share and £19,950 for the Equity Loan Notes comprised in such Equity Unit); or
 - (ii) the sum of £17,500 paid in cash (being a sum equal to 70 per cent. of the original issue price of such Equity Unit and comprising consideration of 1p per Equity Share and £17,450 for the Equity Loan Notes comprised in such Equity Unit);
- (2) each Mezzanine Loan Note be purchased in cash by, Regency, for its full principal amount together with the total amount outstanding in respect of accrued but unpaid interest on each such Mezzanine Loan Note; and
- (3) each Mezzanine Investor Share be purchased in cash by, Regency, for its original issue price, being the sum of 1p per Mezzanine Investor Share.

The terms of the Offer value the Equity Loan Notes, the Mezzanine Loan Notes and the entire issued share capital of the Property Company between £7,100,000 and £7,700,000.

The maximum number of Ordinary Shares to be issued in connection with the Offer will be 50,000,000.

The Property Company shares will be acquired by the Company fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date on which the Offer becomes or is declared unconditional. Under the terms of the Offer, each Property Company shareholder will forego all rights to any future dividend or undeclared dividends or other returns of capital of the Property Company.

3. INFORMATION ON THE COMPANY AND THE PROPERTY COMPANIES

Information on Group

The Company was incorporated on 25 August 2010 to invest in commercial property predominantly in the Channel Islands. The Company's aim is to provide a return from a combination of capital growth and an appropriate dividend policy through the acquisition and active management of commercial properties, predominantly in the Channel Islands.

It is intended that target properties will be fully or partially let with a core income and offering opportunities to add value through active asset management across all sectors of the property market.

The Company has made an application for the Ordinary Shares to be listed on the CISX and intends to invest in a range of commercial properties principally in the Channel Islands.

The Company's immediate focus is completion of the Offer.

Information on the Property Companies

The principal activity of the Property Company through the Property Subsidiary is the ownership of the Initial Property.

Regency was incorporated on 15th September 2010, for the purpose of holding the entire issued share capital of the Property Company. The Property Company was incorporated on 8 November 2007 with company number 48004. The Property Subsidiary was incorporated on 20 October 2005 in the British Virgin Islands and migrated to Guernsey on 18 April 2008 and has company number 48792.

The Property Company owns the entire issued share capital of the Property Subsidiary. The Property Subsidiary is the registered owner of the Initial Property.

4. BACKGROUND TO, AND REASONS FOR THE COMPANY MAKING THE OFFER

Cenkos Channel Islands Nominee Company Limited ("**CCINCL**") currently holds, a total investment of £1,975,000 in the Property Company, including 395,000 Equity Investor Shares which represent 35.9 per cent. of the total Equity Investor Shares in the Property Company.

The Manager has watched closely the performance of the investment over recent years and notably the Property Company's board intended approach to the refinancing requirements of the Initial Property in January 2011.

The Manager has carefully considered the opportunity to establish an authorised, closed-ended investment vehicle to invest in commercial property predominately in the Channel Islands.

Over the last two years, the Channel Islands property market has proven to be relatively resilient to the wider downturn in values seen across the United Kingdom. The local property markets offer an availability of high grade freehold properties with long occupational leases, typically in excess of 15 years and three yearly upward only rent reviews in the main.

The Manager identified an opportunity to provide investors with a return from a combination of capital growth and an appropriate dividend policy through the acquisition and active management of commercial properties, predominantly in the Channel Islands and by utilising low levels of gearing.

The Manager identified the Initial Property as an attractive seed property for the Company and commenced discussions with the Property Company directors earlier this year.

A final indicative offer was submitted to the Property Company directors on 15 July 2010 which was recommended to Property Company shareholders by Hotbed Limited on 6 August 2010.

5. IRREVOCABLE UNDERTAKINGS`

The Company has received irrevocable undertakings from the directors of the Property Company and certain other Property Company shareholders to accept the Offer. Such irrevocable undertakings are in respect of the following Property Company shares:

<i>Property Company Shareholder</i>	<i>Number of Property Company Shares</i>	<i>Percentage of existing Property Company Shares (approx) (%)</i>
Alliance Trust Pensions Limited*	10,000	0.89%
Christopher Legge	10,564	0.94%
Zef Eisenberg	133,384	11.82%
Stephen Parrott	41,128	3.65%
Cenkos Channel islands Nominee Company Limited	395,000	35.0%
Tara Hutcheon	2,256	0.2%
Oliver Hutcheon	70,000	6.2%
Total	<u>2,242,332</u>	<u>58.7%</u>

*Alliance Trust Pensions Limited is the registered holder of Regency Shares and Equity Loan Notes in relation to which Nigel Beer is interested.

6. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Listing Document and posting of Offer Document	26 October 2010
Despatch of contract notes in respect of the Ordinary Shares	23 November 2010

8. RISK FACTORS

The material risk factors relating to the Company and the Property Companies fall into a number of areas:

General Risk Factors

- Current crisis in the global financial markets and the deterioration in the global economic outlook.
- Long-term maintenance of capital.
- Illiquidity of Shares.
- Gearing.
- Government Regulation.
- Tax.
- Retention of key advisers.

Risk Factors relating to property

- Fall in rental income and default.
- Rental voids.
- Changes in the planning regime.

- Marketability.
- Structural faults.
- Valuations.

Risk Factors relating to the Ordinary Shares

- Trading in Ordinary Shares.
- If the Company is wound up, distributions to holders of the Ordinary Shares will be subordinated to the claims of creditors.
- Dividends.
- Net asset value and market price.
- Future sales of Ordinary Shares.

Risk Factors relating to the Property Company

- Economic Risk
 - General.
 - Inflation.
- Business and Industry Risk
 - Business, strategy, growth and competition.
 - Revenue and profit growth.
 - Dependence on key personnel and advisers.
 - Ability to recruit and retain staff.
 - Property prices.
 - Acquisition of further land.
 - Capital expenditure and development risk.
 - Government policies and legislation.
 - Taxation.
 - Operating costs increase.

PART I

INFORMATION ON THE COMPANY

1. Background Jersey and Guernsey

The Channel Islands are a group of islands that are situated in the Gulf of St Malo off the coast of Normandy in France. The islands consist of two Bailiwicks: the Bailiwick of Jersey and the Bailiwick of Guernsey, which also includes a number of smaller islands including Alderney, Sark and Herm.

The Bailiwicks are self-governing crown dependencies. They have their own legislative assemblies, administrative, fiscal and legal systems and their own courts of law that are independent both of the United Kingdom and of each other. Furthermore, they have no representation in Parliament at Westminster nor are they member states of the European Union or part of the UK member state.

Guernsey and Jersey are the two main islands; they are the most heavily populated and the wealthiest.

Jersey

Jersey's prosperity currently relies on the fortunes of the finance industry and it is the island's stable political and fiscal infrastructure that has enabled this industry to develop so successfully. The local Government's determination to encourage high quality business to the island and the support offered by the sophisticated and comprehensive infrastructure of laws and regulations combine to promote investor confidence and the sector's continued success.

Jersey has economic strength and a substantial strategic reserve, achieved through its prudent budgeting. This has allowed an independent and uncomplicated taxation system to benefit residents and overseas investors for over sixty (60) years. There are no capital gains taxes, estate or inheritance duties.

In 2009, Jersey introduced the 'zero/ten' tax system for companies that are resident in Jersey or non-Jersey resident companies that have a permanent establishment in Jersey.

Recently, Jersey has introduced a goods and services tax on the provision of goods and services in an attempt to revamp its tax system and reduce its dependence on income tax.

With effect from the year of assessment 2009, a general zero (0) rate for corporate tax for Jersey resident companies or non-Jersey resident companies that have a permanent establishment in Jersey (subject to certain limited exceptions) was introduced in Jersey. As a result, companies will be subject to taxation in Jersey in respect of its income and gains at a rate of zero (0) per cent. provided the Company does not meet the definition of a "financial services company" or a "utility company" in which case a tax rate of 10 per cent. or 20 per cent. respectively will apply. Income derived from the rental development of Jersey real estate is subject to tax at a 20 per cent. regardless of the Jersey tax rate that applies to the Company in general.

In terms of personal taxation, Jersey residents may be liable to Jersey taxation on undistributed revenue profits retained by the Company which may be attributed to their holding of shares in the Company. However, non-Jersey resident shareholders will not be subject to Jersey income tax.

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes or any death or estate duties payable. No stamp duty is levied in Jersey on the issue or transfer of shares. In the event of death of an individual shareholder, duty at rates of up to 0.75 per cent. of the value of the shares held at death may be payable on the registration of Jersey probate or letters of administration, which may be required in order to transfer or otherwise deal with the shares of the deceased shareholder. However, duty is not payable in respect of small estates not exceeding ten thousand pounds (£10,000).

Island-based businesses with a turnover above three hundred thousand pounds (£300,000) in any 12 month period and who do not supply exempt or zero (0) rated goods and services, are required to add three (3) per cent. goods and services tax to the cost of goods and services provided to Jersey-based customers and clients.

Guernsey

Guernsey's Commerce and Employment Department is committed to encouraging further business development that will contribute to a diverse and sustainable economy.

The States of Guernsey agreed to a set of economic and taxation changes, the main strands of which came into effect on 1 January 2008. These include a standard zero rate of tax for companies, an intermediary rate of ten (10) per cent. for certain regulated banking activities and a higher rate of twenty (20) per cent. for trading activities regulated by the Office of Utility Regulation as well as income from ownership of Guernsey land and buildings.

The States of Guernsey are currently reviewing the tax system to ensure that Guernsey remains an attractive jurisdiction for the finance industry whilst meeting international standards on policy.

In terms of personal taxation, Guernsey residents will be taxable on their share of the undistributed profits in the Fund; however, this will not affect the returns to non-Guernsey resident shareholders.

Guernsey resident shareholders will continue to benefit from the tax cap which is broadly £200,000 of tax from Guernsey sourced income and £100,000 on non-Guernsey sourced income.

There are no wealth taxes like inheritance tax or capital gains tax.

Guernsey levies no VAT/TVA or general withholding taxes.

In 2009 both Guernsey and Jersey were placed on a white list of 40 co-operative and well-regulated places by the Organisation for Economic Cooperation and Development.

2. The Company

Channel Islands Property Fund Limited is a new Guernsey authorised closed-ended investment company. The Company's initial issued share capital will comprise Ordinary Shares and the Company has made an application for the Ordinary Shares to be listed on the CISX.

The Company has been formed to invest in a portfolio of prime commercial properties predominantly in the Channel Islands. It will provide investors with an opportunity to benefit from the Channel Islands' robust local economies and unique property market characteristics and strengths outlined below.

3. Investment Objective and Policy

The Company has been established with the objective of providing an investment opportunity that aims to provide a total return from a combination of capital growth and an appropriate dividend policy through acquisition and active management of commercial property predominantly in the Channel Islands. Target properties are intended to be fully or partially let and provide a core income which may offer opportunities to add value through active asset management across all sectors of the market.

Subject thereto (and to the restrictions described in paragraph 4 below) there are no geographical or other limitations or restrictions to which investment by the Company is subject.

No material change to the above investment objectives and policies may be made within a period of three (3) years from Admission without Shareholder approval.

The Company may invest in derivatives and investments and funds and companies owning property and financial indices which are property related including, but not limited to, property development.

Pending investment, the Placing Proceeds will be held in cash or near cash investments.

4. Investment Restrictions

It is the Company's intention to use the Net Proceeds to build a diversified portfolio of property related investments.

The Company will seek to invest (or commit to invest) in accordance with guidelines determined by the Board and notified to the Manager from time to time.

Current guidelines require that:

- (save for the first 24 months from the date of Admission), a maximum of twenty five (25) per cent. of the capital raised (calculated at the time of investment) may be allocated to any one particular investment, however where it is necessary to secure an investment up to fifty (50) per cent. of the capital raised may be allocated, provided that the necessary measures are taken within the following twelve (12) months to bring the investment within the twenty-five (25) per cent guidelines; and
- (other than in respect of the first 24 months from the date of Admission) leverage is expected to range between forty (40) per cent. and sixty five (65) per cent. of the total acquisition costs of an investment. The Board must satisfy itself that there are adequate cash flows to meet all foreseeable obligations and covenants relating to the loan for any relevant property or investment

5. The Channel Islands commercial property market

The Company's investment parameters include where appropriate, investment in commercial property. The Initial Property will consist of one commercial premises in Guernsey.

The commercial property markets in both Guernsey and Jersey have over the past decade followed the expansion of the finance industry. Generally the occupational sectors have been beneficiaries of the additional wealth generated in the islands, most noticeably through the provision of large scale office developments as well as the retail and industrial sectors.

Emerging markets that are creating interest for investment opportunities include the fulfillment businesses along with the rapidly expanding technology sectors, particularly disaster recovery and data centers.

Jersey

The finance sector is the largest business sector employer in Jersey.

The office district of St. Helier which is where the majority of office buildings are located, has traditionally been focused on the town centre, though in recent years new developments of Grade A office space have been located on the Esplanade, situated between the traditional retail core and the Waterfront.

Examples of companies, law firms and organisations based here include: SG Hambros, Ogier, Standard Chartered, Allied Irish Bank, Schroders, Carey Olsen and the Jersey Financial Services Commission.

Due to the topography of St. Helier there has always been sufficient land for development of new offices and, at present, it is understood that a number of sites along the Esplanade have consent for large scale offices. In addition the Waterfront development recently received planning consent by the States of Jersey for approximately 57,000 sq m of new office accommodation.

Rents over the past 3 years in Jersey have remained static or have increased, depending on whether primary or secondary markets, unlike the UK.

Jersey's retail centre is focused on the pedestrianised High Street, where along with a vibrant mix of local retailers can be found the majority of the United Kingdom's major High Street retailers, including Marks & Spencers, Next, Boots, HMV and New Look.

Office investment yields reflect the quality of tenants, the long leases and the lack of break clauses and are anticipated to range from between 6.00 per cent. and 7.5 per

cent. in 2010, so providing, along with rental growth, attractive returns on capital to investors.

Guernsey

Guernsey's topography is different to that of Jersey with St. Peter Port sitting at the bottom of a valley. As a consequence, its traditional office districts have been unable, and continue to be unable, to provide sufficient land for commercial office development, leading to an expansion of the office sector along Guernsey's Esplanade and out at the Island's only business park, Admiral Park.

It is estimated approximately 700,000 sq ft of Grade A office accommodation has been constructed over the last decade, with only two buildings currently under construction which the Directors understand are more than half let.

Examples of the Island's occupational tenants include: The Royal Bank of Scotland International, Ernst & Young, the Guernsey Financial Services Commission, Generali Insurance, Northern Trust, Kleinwort Benson and MeesPierson.

The construction pipeline for the next few years is almost zero with there being few sites in the town centre available and capable of sustaining major office development. Expansion will only really be possible on the edge of town and at Admiral Park.

Demand for office space in St. Peter Port is estimated to average in the order of 50,000 sq ft per annum, in respect of Grade A office accommodation, and yet the island lacks the physical capacity to provide for this in 2011 – 2013.

Guernsey's prime office rents, as demonstrated below, have seen significantly higher levels of rental growth than in Jersey, reflecting higher levels of demand and a distinct lack of supply. Prime office rents are approaching £40.00 per sq ft for new build accommodation. Secondary rents for properties of a lesser specification, often refurbished buildings, have not witnessed the same levels of increase amply demonstrating how offices with anything less than the very best specification are not as sought after by the international banks and trust companies operating on the Island.

The retail sector of St. Peter Port is more compact and more localised than St. Helier. Substantial demand exists from UK based retailers seeking to enter Guernsey's retail market but the island lacks available property, particularly stores offering the modern size and specification required in today's competitive retail environment.

Investment yields reflect the quality of tenants, the long leases and lack of break clauses, plus the prospectus of good rental growth and are anticipated to range between 6.00 per cent. and 7.00 per cent. in 2010 so providing, along with rental growth, attractive returns on capital to investors.

6. Investment Process

Decisions as to the purchase and sale of investments, re-financing and redevelopment opportunities rest with the Board, which will be advised by the Manager.

The Investment Consultant will have full access to the resources of the Manager to assist the Manager in its duties and responsibilities to the Company and for the purpose of implementing investment decisions of the Board.

The Manager and the Investment Consultant will actively search for investments which meet the criteria determined by the Board, from time to time. Once a potential investment opportunity is identified the Manager will prepare a detailed report for consideration by the Board.

Reports provided to the Board will include an evaluation of each investment opportunity and will include the quality and location of the property asset, income flows, occupancy rates and covenants, enhancement opportunities, gearing and risk evaluations.

The Manager will recommend investment opportunities to the Board with a confirmation that the investment opportunity meets the general investment criteria

set by the Board.

It is intended that investment transactions for acquisition or disposal should be considered and determined by the Board on the basis of advice and a full report and recommendation received from the Manager.

It is not part of the objectives or policy of the Company necessarily to transact in investments where a Connected Party has or may have a material or conflicting interest to that of the Company.

Equally, it is not intended that the Company should be precluded from investment opportunities that arise purely because a Connected Party has or may have an interest in that transaction.

Accordingly, and anticipating such occurrences, for governance purposes, the Company has been structured with a fully independent Board from the Manager and the Investment Consultant and both its investment decision process and that of the Manager have been formulated in order that any Connected Party issues that may arise are managed and addressed ethically and in accordance with proper standards befitting a public company.

The Company, as noted above, has been established with a Board, the members of which are wholly independent of the Manager and the Investment Consultant.

7. Dividend Policy

Cash generated during the initial investment period pending investment of all or substantially all of the Net Proceeds is intended to be retained by the Company to exploit potential investment opportunities.

The Directors intend to adopt an appropriate dividend policy for the Company commensurate with and appropriate to the make-up of its investment portfolio and investment policy from time to time.

8. Borrowings

Regency will enter into Facility. The Facility will have a maximum term of five (5) years and interest will be charged at a maximum rate of 4.40 per cent. dependent upon hedging arrangements. It is intended that the Facility will be secured by a bond over the Initial Property and a security agreement over the shares in the Property Subsidiary and any intra group indebtedness. The obligations of Regency in respect of the Facility will be guaranteed by each of the Property Company and the Property Subsidiary and the obligations under that guarantee will be secured by security agreements from each of them over the rent account, the insurances held by the Property Subsidiary, the property management agreements, the leases and rental income and the construction contracts in respect of the Property under which any rights remain extant.

Current guidelines require that:

- (save for the first 24 months from the date of Admission), a maximum of twenty five (25) per cent. of the capital raised (calculated at the time of investment) may be allocated to any one particular investment, however where it is necessary to secure an investment up to fifty (50) per cent. of the capital raised may be allocated, provided that the necessary measures are taken within the following twelve (12) months to bring the investment within the twenty-five (25) per cent guidelines; and
- (other than in respect of the first 24 months from the date of Admission) leverage is expected to range between forty (40) per cent. and sixty five (65) per cent. of the total acquisition costs of an investment. The Board must satisfy itself that there are adequate cash flows to meet all foreseeable obligations and covenants relating to the loan for any relevant property or investment.

The Company may also be indirectly exposed to the effects of gearing to the extent that any investee company has borrowings.

The Company may, from time to time, for the purposes of efficient portfolio management, for strategic purposes in connection with proposed acquisitions and disposals and for hedging purposes, enter into contracts for differences, options and other derivative investment products. Commitments to such investments will not be made beyond the extent of the Company's assets available to meet the same. Investment in such instruments is not intended to be made for gearing purposes or otherwise as an active policy or means to achieve the Company's investment objectives.

9. Share capital structure

The Company's share capital is an unlimited number of Ordinary Shares of no par value. There are no other classes of share in the Company and there are no warrants or options existing over any new shares in the Company.

10. Further Issues

Further issues of share capital may occur to provide funds for investment by the Company.

No issue of ordinary share capital of an amount above 10 per cent of the Company's issued Ordinary Share capital for the time being will be made other than on a pre-emptive basis to existing Shareholders without the prior consent of a special resolution of Shareholders.

No issue of ordinary share capital may occur at a price below the NAV attributable to the ordinary shares in the Company for the time being other than on a pre-emptive basis save with the prior consent of Shareholders of that class by special resolution.

The Articles do make provision for a separate class of shares ("**C Shares**") to be issued in specific circumstances determined by the Board if considered appropriate on a non pre-emptive basis in order to allow for specific fund raising or investment opportunities. Any subsequent conversion of C Shares into Ordinary Shares that may occur would take place at a price related to the net asset values of the respective share classes in order to prevent the issue of further shares diluting existing Shareholders' share of the NAV of the Company.

11. Taxation

General information relating to Guernsey taxation with regard to Admission and Placing is summarised in paragraph 11 of Part VII of this document.

Any person who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of Guernsey, should consult his or her professional advisers.

PART II

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1. Board of Directors

Directors

The Board comprises three Directors all of whom are non-executive.

Name	Position	Age
Peter Tom CBE	Non-executive Chairman	70
Paul Bell	Non-executive Director	54
Shelagh Mason	Non-executive Director	51

Brief biographies of the Directors are set out below:

Peter Tom CBE

Peter Tom is the Chairman of Breedon Aggregates, Leicester Tigers and is a former Chairman and Chief Executive Officer of Aggregate Industries plc. In 2006, Peter became Chairman of Aggregate Industries plc after negotiating its sale to Holcim for £1.4 billion. Peter is a senior independent non-executive director of AGA Rangemaster plc. Peter, who is resident in Guernsey, was awarded the CBE in the Queen's New Years Honours List in 2006 for services to sport and business. He is also a chairman of Leaf Clean Energy which is an AIM listed investment fund.

Paul Bell

Paul Bell is 54 and is a Jersey resident. Paul started his career as a junior planner in Newcastle working in the sale, land, technical, commercial and construction departments. Paul has over thirty (30) years experience in the building and property industry and has been a director of Persimmon, Wain Homes and Taylor Woodrow. Paul is a major shareholder and chairman of two property companies in the Channel Islands and UK and has speculative development interests in New York, Antigua and Mallorca.

Shelagh Mason

Shelagh Mason is an English property solicitor with over 25 years' experience in commercial property. Shelagh is currently practising at Mason & Co in Guernsey, prior to this she was a Senior Partner at Edge & Ellison (now part of Hammonds), responsible for commercial property. For two years until 2001 she was Chief Executive of Long Port Properties Limited, a property development company active throughout the United Kingdom and the Channel Islands. Shelagh is a member of the board of directors of Standard Life Investment Property Income Trust, a property fund listed on both the London and Channel Islands Stock Exchanges. She is also a non-executive director of MedicX Fund Limited, a company investing in primary healthcare facilities, a director of PFB Data Centre Fund, Third Point Independent Voting Company Limited, NewRiver Retail Limited (an AIM Listed Company) and GRes. I Limited. Shelagh is also a past chairman of the Guernsey branch of the Institute of Directors and a member of the Chamber of Commerce and the Guernsey International Legal Association.

2. Investment Management Arrangement

The Manager was incorporated on 8 March 2008. Fifty (50) per cent. of the issued share capital of the Manager is registered in the name of Cenkos Securities plc, an AIM listed company with a market capitalisation of £75,280,000. The Manager is licensed under the POI Law to conduct investment business.

The Company has entered into the Investment Management Agreement with

the Manager. Under the Investment Management Agreement, the Manager will be responsible for sourcing, evaluating, negotiating, completing, monitoring and managing investments on behalf of the Company.

The Investment Management Agreement governs the services to be provided to the Company by the Manager. The appointment of the Manager under the Investment Management Agreement as Manager of the Company is for an initial term of 3 years subject to termination on or after the 3rd anniversary of appointment. Further detail of the Investment Management Agreement are contained in paragraph 12 of Part VII of this document.

Subject to the share dealing and conflicts management arrangements described in paragraph 7 of this Part II:

- (i) the services of the Manager under the Investment Management Agreement are not exclusive and the Manager is free to render similar services to others; and
- (ii) the Manager and any Interested Party is free to enter into other fund management arrangements or be interested in any entity entering into fund management arrangements.

3. **Investment Consultant**

The investment Consultant's directors are:

Andrew Taylor BSc MRICS

Andrew was previously a director and head of UK Property at FSA regulated Stenham Property Limited ("**Stenham**") with overall responsibility for its £500m UK property portfolio. Andrew has twenty (20) years' industry experience covering investment, development, financing and asset management across all sectors in the UK. Prior to joining Stenham he was a director and head of property for the UK's largest private FSA regulated investor network where he worked with Dominic Wright leading the acquisition of over £200 million of property investments in the UK including £110 million in the Channel Islands. Prior to this he was a Partner at Knight Frank. He qualified as a Chartered Surveyor in 1992.

Dominic Wright BSc (Hons) DipPropInv MRICS

Dominic worked as investment director at the UK's largest private investor network before joining Stenham. Dominic had responsibility for identifying new assets for acquisition, the subsequent implementation of the asset management strategy for investment and property disposals. Previously he was an associate partner at niche central London agent Dron & Wright where he established the west end investment and development department advising a range of clients on acquisition and asset strategy. A qualified Chartered Surveyor, Dominic has also completed post graduate courses in property investment at the University of Reading. He has over ten (10) years' industry experience.

4. **Management Fee, Performance Fee and Acquisition Fee**

Pursuant to the Investment Management Agreement, the Company will pay the Manager an annual fee equal to 0.6 per cent. per annum of the Gross Asset Value of the Company (which shall include assets that were purchased with leverage) calculated by reference to the Gross Asset Value as at the end of each quarter and payable quarterly in arrears. To the extent that there is a capital raising during a quarter, an adjustment shall be made to Gross Asset Value on a time apportioned basis. Where the completion date of the acquisition of an investment is made part way through a quarter, the portion of the fee paid relating to that investment shall be apportioned pro rata in accordance with the period from the completion date to the end of that quarter.

In addition, the Manager will be entitled to a performance fee equal to twenty (20) per cent. of any returns received by Shareholders in excess of an IRR of ten (10) per

cent. per annum. The performance fee will be levied on all amounts paid to investors in excess of the original amounts invested, plus the equivalent of an IRR of ten (10) per cent. per annum.

The performance fee will be payable (a) on the listing of the Company on any recognised investment exchange (excluding the CISX on Admission), (b) when all the Company's Investments have been sold or (c) on the liquidation of the Company.

Pursuant to the Investment Management Agreement the Company will pay the Manager an acquisition fee which will not exceed 1.5 per cent. of the purchase price of each Investment upon completion of such purchase.

5. **Corporate governance and internal controls**

There is no applicable regime of corporate governance to which directors of a Guernsey company (other than those licensed to conduct investment, banking, insurance or fiduciary business) must adhere over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under Guernsey law. The Directors, however, recognise the importance of good corporate governance and will comply with the Combined Code to the extent practicable and commensurate with the size and operations of the Company. The Company has adopted, with effect from Admission, the Model Code on dealings of directors and employees in securities as set out in Annex I of the Listing Rules of the UKLA to the extent practicable.

In relation to the use of the Company's voting rights in respect of investee companies, the Manager, in the absence of explicit instructions from the Board, will be empowered to exercise discretion in the use of the Company's voting rights. The underlying aim of exercising such voting rights will be to protect and maximise the return from an investment.

The Board considers it necessary to establish an Audit Committee and a Management Engagement Committee. The Audit Committee will be appointed and will be responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Company's auditor and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The Management Engagement Committee will be responsible for reviewing the performance of the Manager and the Manager's and the Company's compliance with the Investment Management Agreement and to recommend any action to be taken by the Company under such terms.

The Company will comply with the Model Code as set out in Appendix VI of the CISX Listing Rules.

All the Board are non-executives. The Board does not therefore consider it necessary to appoint a remuneration committee.

All members of the Board are members of the Audit Committee and Management Engagement Committee. The Chairman of both the Audit Committee and the Management Engagement Committee is Shelagh Mason.

6. **Administration Arrangements**

The Administrator was incorporated in 1988 and is fully licensed by the GFSC to carry out, inter alia, the activities of administration, subscription, promotion (Category 2) under the POI Law.

The Administrator has been appointed to provide day to day administration, registrar and secretarial services to the Company as set out in the Administration and Secretarial Agreement. The Administrator is licensed to provide administrative and other services to collective investment schemes by the GFSC. The Administration and Secretarial Agreement is terminable by either party on not less than 3 months'

notice in writing and in certain other circumstances, including material breach of the terms of the agreement by either party. The Administration and Secretarial Agreement may not be terminated in writing within six (6) months of Admission.

Further details of the Administration Agreement are set out in paragraph 12 of Part VII of this document.

7. Share Dealing/Conflicts Management

The Manager and any Interested Party may, subject to the restrictions contained in the Investment Management Agreement (summarised in paragraph 2 above), be involved in other financial, investment or other professional activities which may, on occasion, give rise to conflicts of interest with the Company, including with regard to the allocation of investment opportunities to different clients. Whenever such conflicts arise, the Manager shall endeavour to ensure that they are resolved, and any relevant investment opportunities allocated fairly. Each such conflict will be fully disclosed to the Company by the Manager.

Subject to the above, any Interested Party and any company within the same group as any Interested Party and/or any investment company or account advised or managed by an Interested Party, may:

- (i) acquire securities from or dispose of securities to the Company;
- (ii) hold shares and deal with the same as it thinks fit;
- (iii) buy, hold and deal in any investments for its own account notwithstanding that similar investments may be held or made by the Company;
- (iv) contract or enter into any financial or other transactions with any Shareholder or with any entity any of whose securities are held by or for the account of the Company or be interested in any such contract or transaction; and
- (v) receive fees and commissions which it may negotiate in relation to any sale or purchase of any investments quoted by it for the account of the Company.

The Manager may provide services of a like nature to any other person, firm or corporation and the Manager shall not be liable to account to the Company for any profit earned from any such services.

The Directors will comply with the Model Code of the UK Listing Authority (or a code no less exacting) and will take all reasonable and proper steps to ensure compliance as required by the CISX Rules.

8. The Administrator

The Administrator was incorporated as a limited liability company in Guernsey on 19 October 1988 with registered number 19606. The Administrator is licensed under the POI Law as a designated manager of collective investment schemes. The Administrator is subject to financial provisions set out in the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations 2007, as amended. The registered office of the Administrator is set out on page 3 of this document and its telephone number is +44 1481 726034. The Administrator is licensed and regulated by the GFSC.

9. The Manager

The Manager was incorporated on 8 March 2005 and is listed on the CISX. Fifty (50) per cent. of the issued share capital of the Manager is registered in the name of Cenkos Securities plc, an AIM listed company with a market capitalisation, at the date of this document, of £75,280,000. The Manager is licensed under the POI Law to conduct investment business.

The current directors of the Manager are:-

Andrew Stewart (Chairman and Non-executive director)

Andrew is one of the founders of Cenkos Securities plc. He has over 40 years experience in the UK securities industry. In 1991 he co founded Collins Stewart, which was subsequently listed on the London Stock Exchange with a market capitalisation on listing of approximately £326 million. Andrew started his career as a stock broker in 1969 with Simon & Coates, where he became a senior partner. After Simon & Coates was acquired by Chase Manhattan Bank, he became chief executive of Chase Manhattan Securities until the launch of Collins Stewart.

Jonathan Ravenscroft (Chief Executive)

Jonathan Ravenscroft has been a stockbroker for more than twenty five (25) years. Jonathan started his career in broking in 1983 as a trainee dealer at Sheppards & Chase and then spent a short time in the Isle of Man before returning to Guernsey. He co-founded Collins Stewart in the Channel Islands and was its head of broking. He has overseen the creation of the CISX Listed Cenkos CI Wealth Management business with over £1 billion assets under management.

Robin Newbould (Executive Director)

Robin assisted Jonathan Ravenscroft in the establishment of Cenkos Channel Islands Limited in 2005, having moved from his role as head of Collins Stewart (CI) Limited's Guernsey stock broking division. He was educated at the King's School in Macclesfield, Elizabeth College in Guernsey and King's College, London University. Robin is a fellow of the Securities and Investment Institute with more than 15 years in offshore finance, 10 of which have been spent working with Jonathan Ravenscroft.

In December 2009, Robin moved to Jersey to become Managing director of Cenkos Jersey Limited

Susie Farnon (Non-executive director)

Susie Farnon (née Best) qualified as a Chartered Accountant with KPMG in 1983 and was a banking and finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands from 1999. After leaving KPMG in 2001, she has been a member of the States of Guernsey Audit Commission and the States of Guernsey Public Accounts Committee. She is currently a non-executive director of Cenkos CI and a Commissioner of the Guernsey Financial Services Commission and commissioner of the Guernsey Sports Commission. She is also a director of local property companies and is non-executive director of a Guernsey investment fund.

Simon Melling (Non-executive director)

Simon is the Chief Executive Officer of Cenkos Securities plc. He previously held the position of Group Finance Director and Chief Operating Officer, to which he was appointed when he joined the Cenkos Securities plc in September 2006. He has over twenty (20) years experience in the banking and securities industry and is a chartered accountant having qualified with Peat Marwick Mitchell in 1988. He subsequently joined the Singer & Friedlander Group, ultimately becoming Director of Group Financial Services. In 2001 Simon joined Collins Stewart and was appointed Chief Operating Officer of Private Client Division in 2001.

10. Investment Consultant

The Investment Consultant has been formed so as to assist the Manager in the performance of its functions under the Investment Management Agreement. The expertise and skills of the directors of the Investment Consultant are set out in paragraph 3 of this Part II of this document.

PART III**SUMMARY OF THE PLACING****1. Details of the Placing**

The Placing Shares are being conditionally placed at the Placing Price with investors, subject, *inter alia*, to the Placing Agreement becoming unconditional.

The Placing is conditional, *inter alia*, on (i) Admission having become effective on or before 8.00 a.m. on 16 November 2010 or such later time and/or date as the Company and the Manager may agree (being not later than 8.00 a.m. on 31 December 2010); (ii) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission and (iii) the Offer being declared unconditional. The Placing has not been underwritten. Accordingly, if the conditions are not satisfied, the Placing will not proceed and any applications will not be processed. In such circumstances application monies will be returned (at the applicants sole risk), without payment of interest as soon as practicable thereafter.

The minimum subscription for Placing Shares is £5,000.

The Placing is intended to raise a minimum of fifty million pounds (£50,000,000) before expenses. The expenses of the Placing are estimated to amount to not more than four and a half (4.5) per cent. of the Placing Proceeds (including a placing fee of three (3) per cent. of the Net Proceeds payable to the Manager).

The placing commission payable to the Manager under the Placing Agreement is to be settled in cash not shares.

The Net Proceeds will be used to implement, and will be applied in accordance with, the investment policy of the Company as set out in this document.

It is expected that Admission will become effective and that dealings in the Ordinary Shares on the CISX will commence on 16 November 2010. All such Ordinary Shares will be in registered form and will be delivered uncertificated. Temporary contract notes will not be issued pending the despatch by post of contract notes, which is expected to take place by 23 November 2010. Pending the despatch of the contract notes, transfers will be certified against the register of members of the Company.

2. Admission

Application has been made to the CISX for the issued Ordinary Shares to be admitted to trading on the Official List. Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on the CISX at 8.00 a.m. on 16 November 2010. The Ordinary Shares are in registered form and will be delivered uncertificated.

3. Settlement and dealings

It is expected that definitive contract notes will be despatched to placees, at the risk of the person entitled thereto, by 23 November 2010. The title to the ordinary shares will be evidenced by the relevant entry on the Register of Members of the Company. Share certificates will not be issued.

PART IV

RISK FACTORS

This document has been prepared solely for the consideration of prospective investors in the Company. To the best of the knowledge and belief of the Directors the factual information contained in this document is accurate at the date hereof and does not omit any information likely to materially affect the import of such information. Any projections or statements contained in this document are illustrative only and are intended to show possible outcomes based on stated assumptions and represent the Directors' own assessment and interpretation of information available to it at the date of this document. Prospective investors must determine themselves what reliance (if any) they should place on such statements, views, projections or forecasts and no responsibility is accepted by the Directors (or any other person) in respect thereof.

Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of an investment in the Company, including the merits of investing and the risks involved. Prospective investors should not treat the contents of this document as advice relating to investment, legal or taxation matters and are advised to consult their own professional advisers concerning the acquisition, holding, exchange or disposal of Shares in the Company.

Other than as set out above, no representation made or information given in connection with or relevant to an investment in Shares of the Company may be relied upon as having been made or given with the authority of the Directors. The delivery of this document does not imply that the information herein is correct as at any time subsequent to the date hereof. Investors in Shares of the Company must have the financial expertise and willingness to accept the risks inherent in this investment.

These risks include, inter alia, the long term and illiquid nature of the Company's proposed investments, the lack of any operating history of the Company, the fact that either the past performance or operating history of the Manager is no guarantee of future performance, the lack of any established market for the transfer of Shares in the Company and the possibility that no such market will develop. It should be appreciated that the value of Shares is not guaranteed and may go down as well as up and that investors may not receive, on realisation of their Shares, the amount that they originally invested. Investors should consult their professional advisers about the consequences to them of, and inform themselves of the legal requirements for, acquiring, holding, exchanging, redeeming or disposing of Shares under the relevant laws of the jurisdictions to which they are subject, including any tax consequences, exchange control requirements, requisite governmental or other consents and any other formalities.

Prospective investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. Each person subscribing for Shares must agree that the Directors may reject, accept or condition any proposed application, transfer, assignment or exchange of Shares in their absolute discretion.

In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. An investment in the Company involves risks and is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to be able to bear any losses which might result from such investment. Accordingly, prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If you are in any doubt about the action you should take, you should consult a suitably qualified and licensed or authorised professional adviser who specialises in advising on the acquisition of shares and other securities. This summary of risk factors is not intended to be exhaustive. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business.

In view of the risks noted below, the Company should be considered a speculative investment and investors should invest in the Company only if they can sustain a complete loss of their investment. No guarantee or representation is made that the Company will achieve its investment objective or that it will be able to implement its investment policy.

If any of the following risks actually occur, the Company's business, financial condition, capital resources results and/or future operations could be materially and adversely affected.

The Directors consider the following risks to be the most significant risks for potential investors in the Company although the risks set out below are not exhaustive and do not purport to comprise all those involved in investing in the Company. The risks factors are not set out in any particular order of priority. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse affect on the Company's business.

Risks Relating to the Company

1.1 Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the factors described in this risk factors section. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Company's view with respect to future events as at the date of this document and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations and strategy. Save as required by law, the Company has no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

1.3 New company

The Company was incorporated on 25 August 2010 and has no operating history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its investment objective and the value of a Shareholder's investment in the Company could therefore decline substantially.

1.4 No prior trading record for the Company or the Ordinary Shares

Since the Ordinary Shares have not previously traded, their market value is uncertain. There can be no assurance that the market will value the Ordinary Shares at or above the Placing Price or the NAV per Ordinary Share. Following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment. The Company's results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, equity market conditions may affect the Ordinary Shares regardless of the performance of the Company. Equity market conditions are affected by many factors, such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital. Accordingly, the market price of Ordinary Shares may not reflect the underlying value of the Company's investments and the price at which investors

may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others may be outside the Company's control.

1.5 Property and property related assets

The value of property and property related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of the properties will reflect the actual sale price even where such sales occur shortly after the relevant valuation date.

The performance of the Company would be adversely affected by a downturn in the property market in terms of market value. In the event of default by a tenant or during any other void period, the Company may suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs. In re-letting, refurbishment or upgrading costs, maintenance costs, insurances, rates and marketing costs.

Any future property market recession could materially adversely affect the market value of properties. Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.

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

Both rental income and market values may also be affected by other factors specific to the commercial property market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when the property is vacant.

Any change to the laws and regulations relating to the Guernsey or Jersey commercial property market may have an adverse effect on the market value of the Property Portfolio and/or the rental income of the Property Portfolio.

The Company may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

1.6 Investments

The success of the Company will be dependent upon, inter alia, the identification, making, management and realisation of suitable investments. There can be no guarantee that such investments can or will be made, either within the expected timeframe, or at all, or that such investments will be successful. Poor performance by any investment could severely affect the NAV per Ordinary Share and/or the market price of the Ordinary Shares. In particular, investors should note that:

- (i) Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Company and, accordingly, will be dependent upon the judgement and ability of the Board with the advice of the Manager in investing and managing the assets of the Company. No assurance can be given that the Company will be successful in obtaining suitable investments, or that if such investments are made, the investment objective of the Company will be achieved. In particular, there can be no guarantee that the potential targets identified will be able to be acquired or that any approach to them will be welcome;

- (ii) the Company's investment portfolio will comprise interests in unquoted private companies, as well as limited exposure to companies which may be difficult to value and/or realise. Investment in the securities of smaller companies may involve greater risks than is customarily associated with investments in larger, more established companies. In particular, such companies may often have limited product offerings, markets or financial resources and may be dependent on a small number of key individuals;
- (iii) the Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies, partnerships and ventures or control over an exit, or the timing of an exit;
- (iv) the management of the investee companies targeted by the Company may not always welcome proactive shareholder involvement and may be resistant to change;
- (v) the Company may be unable to effect an investment in an identified opportunity and, in particular, resources of the Company and the Manager may be expended investigating potential projects which are subsequently rejected as being unsuitable;
- (vi) the Company and the Company's investee companies may face competition from other entities, many of which may have significantly greater resources than the Company or the Company's investee companies;
- (vii) a proportion of the Company's portfolio may be held in cash or near cash from time to time. Such proportion of the Company's assets will therefore be "out of the market" and will not benefit from increases in the value of the Company's investments. Having excess uninvested cash and a large number of Ordinary Shares in issue may restrict the Company's capital and income growth; and
- (viii) the Company may dispose of investments in certain circumstances and may be required to give indemnities, representations and warranties in connection with those disposals and to pay under such indemnities or to pay damages to the extent that such representations or warranties turn out to be inaccurate.

1.7 Dividends

The ability to pay dividends and any dividend growth in the Ordinary Shares will rely on the Company's ability to generate profits from its investment portfolio and, in particular, the dividend policy mentioned in paragraph 9 of Part I of this document should not be construed as a dividend forecast. Any change in the tax treatment of dividends or interest received by the Company or in the treatment of profits or gains realised by the Company on its investments may reduce the level of yield received by Shareholders.

On 1 July 2008, the Law came into force in Guernsey. This replaced The Companies (Guernsey) Law, 1994. One of the immediate effects of the Law was to replace the capital maintenance requirements in respect of dividend and distribution payments to be made from distributable profits (similar to that which UK companies are subject and formerly applicable to Guernsey companies) with a solvency based test similar to that applicable to companies incorporated in New Zealand. The use of the solvency test now requires the directors of a company to carry out a liquidity or cashflow test and a balance sheet solvency test before any dividend or distribution payment can be made. The test requires the board to make a future assessment by making reference to the solvency test being satisfied immediately after a distribution or dividend payment is made. If at the time a dividend or distribution payment is to be made the directors believe that the solvency test cannot be passed, then no payment may be made to holders of the Ordinary Shares.

1.8 Dependence on service providers

The loss of the Manager or the Investment Consultant would be disruptive and could have a material adverse effect on the Company and the companies in which the Company invests.

1.9 Concentration risk

The Company will seek to invest (or commit to invest) in accordance with guidelines determined by the Board from time to time. Current guidelines require that leverage is expected to range between forty (40) per cent. and sixty five (65) per cent. of the total acquisition costs of an investment. The Board must satisfy itself that there are adequate cash flows to meet all foreseeable obligations and covenants relating to the loan for any relevant investment.

As a result, the impact on the Company's performance and the potential returns to investors will be more adversely affected if any one of those investments were to perform badly than would be the case if the Company's portfolio of investments were more diversified.

1.10 Credit Crunch and Counterparty Risk

Difficulties in obtaining banking and credit facilities may affect the ability of the Company and/or businesses in which it invests to obtain finance or funding.

Investment returns on property investments are dependent upon the financial strength of tenants and any guarantors throughout the period of their occupational leases.

1.11 Offshore Financial Centres Review

In the Pre-Budget Report issued on 24 November 2008, the British Government announced that it was shortly to commission an independent review of British offshore financial centres, their role in the global economy and their long term business strategies. The review will not consider changes to the UK's constitutional relationship. The British Government says that it intends to work with the Crown dependencies and overseas territories to identify current and future opportunities, risk and mitigation strategies such as:

- (i) financial supervision and transparency;
- (ii) fiscal arrangements;
- (iii) financial crisis management and resolution arrangements;
- (iv) international co-operation.

It is not possible to predict the effect of such review and the outcome and its implications for the Channel Islands are uncertain.

1.12 Key Man

The Company is dependent on advice from the directors of the Investment Consultant. The Company's performance may be adversely affected in the event of the long-term absence through death or incapacity of one or both of those directors. The Company does not carry key man insurance.

1.13 Guernsey law

The Company is a limited liability company incorporated under the Law. Guernsey law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company under UK law are not provided for under Guernsey law.

1.14 Performance fees

The performance fee payable to the Manager, whilst structured on a similar basis to other listed investment funds, may result in higher payments to the Manager than alternative arrangements in other types of investment vehicles. The existence of the performance fee may create an incentive for the Manager to propose riskier or more speculative investments than it would otherwise make in the absence of such fee.

1.15 Hedging and currency risk

The Company's assets will be denominated in sterling. The Company may, however, invest in investments denominated in currencies other than sterling. The Company may sometimes through forward foreign exchange contracts hedge its exposure back to sterling. While hedging may attempt to reduce currency risk, it is not possible to hedge fully or perfectly against currency fluctuations. Accordingly, investors may, at certain times, be exposed to exchange rate risks between sterling and other currencies, such that if the value of the other currencies falls relative to sterling, the Company's assets will, in sterling terms, be worthless.

1.16 Substantial fees payable regardless of profit

The Company will incur obligations to pay costs. The Company will also incur obligations to pay all fees and out-of-pocket expenses properly incurred by the Manager and the Administrator. In addition, the Company's investment approach may generate substantial transaction costs (including abort fees) which will be borne by the Company. These expenses will be payable regardless of whether the Company makes a profit.

1.17 Term of the Investment Management Agreement

The Investment Management Agreement can only be terminated by either party giving to the other, no less than 3 months' notice to terminate the agreement. If neither party gives the required 3 months' notice to terminate the agreement at the end of the initial term, it will automatically continue in full force and effect unless and until terminated. The initial term is a period of three years. For further information, please see paragraph 12 of Part VII of this document.

1.18 Liability and indemnification of service providers

The Manager and the Administrator will be excluded from liability to the Company under certain circumstances.

Please see paragraph 12 of Part VII of this document for further information.

1.19 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 and the ability of the Company to successfully pursue its investment strategies.

1.20 Changes in taxation legislation may adversely affect the Company or Shareholders

Statements in this document concerning the taxation of the Company or the Shareholders are based upon current Guernsey and Jersey tax law and practice, which laws and practice are subject to change. Any change in the Company's tax status, or in taxation legislation in the Bailiwicks, the United Kingdom or elsewhere, could affect the value of its investments and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders.

Prospective investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

1.21 Borrowings

Prospective investors should be aware that whilst the use of borrowings can enhance the NAV per Ordinary Share where the value of the Company's investments is rising, it can also reduce the NAV per Ordinary Share where the underlying net asset value is falling. This could adversely affect the NAV per Ordinary Share and returns to Shareholders. The use of external borrowings magnifies both the favourable and unfavourable effects of price movements in the Company's investments. Furthermore, should any fall in the asset value of the investments result in the Company breaching any financial covenants contained in any borrowing

agreements, the Company may be required to repay such borrowings in whole or in part together with any attendant costs. This could further adversely affect the NAV per Ordinary Share and returns to Shareholders.

1.22 Net asset value

The value of, and the income derived from, the Ordinary Shares can fluctuate and may go down as well as up. Notwithstanding the existence of share buy-back powers, there is no guarantee that the market price of the Ordinary Shares will fully reflect the underlying NAV per Ordinary Share. The market value of the Ordinary Shares, as well as being affected by the underlying value of the Company's investments, will also be influenced by their dividend yield and exchange rates and the supply of and demand for the Ordinary Shares in the market. As such, the market value of an Ordinary Share may vary considerably from the underlying NAV per Ordinary Share.

1.23 Tax

The Income Tax Office ("ITO") could raise a discovery assessment in respect of tax not withheld from loan interest payments made to Cornerstone Titan 2006-1 Plc ("**Cornerstone**") during the period 8 December 2007 to 31 December 2007. The amount of any potential liability is 20% of the interest paid to Cornerstone in that period. This liability is estimated to amount to £22,235. An interest surcharge may be levied by the tax office on unpaid interest.

It is not clear where the central management and control of the Property Subsidiary was exercised prior to 18 April 2008, when it migrated from the British Virgin Islands to Guernsey. There may be a tax liability if Blueclouds was centrally managed and controlled from another jurisdiction. This would potentially take the form of income tax in that jurisdiction as well as a potential exit charge following the migration out into Guernsey.

For the period 7 December 2007 to 18 April 2008, board minutes have indicated that meetings were held in Guernsey and that there were three Guernsey resident directors and one UK resident director. The minutes do not indicate whether any of the business was proposed, actioned or specifically carried out by any one of these directors. It is not therefore conclusively clear where central management and control was exercised in this period.

The risks listed above do not necessarily comprise all the risks associated with an investment in the Company.

PART V

Initial Property

1. SUMMARY OF THE INITIAL PROPERTY**1.1 Summary description of the Initial Property**

Property	Owner	Tenant/Licensee	Description	Current Annual Rent
Part of First Floor, Regency Court	Blueclouds Property Limited	Deloitte & Touche LLP	21 year lease (assigned to Tenant from R A Garrard & others)	£333,442
Tennis Court, Roof Top of Regency Court	Blueclouds Property Limited	Premier Developments Limited	21 year lease	£100
Part of Ground Floor, Regency Court	Blueclouds Property Limited	International Administration Guernsey Limited	15 year lease	£192,147.36
Part of Ground Floor, Regency Court	Blueclouds Property Limited	EEA Fund Management (Guernsey) Limited	Licence from International Administration Limited, being 129 square feet of the ground floor	£8,000 licence fee
Part of Ground Floor, Regency Court	Blueclouds Property Limited	Schroders (CI) Limited	21 year lease	£331,872.28
Part of First Floor, Regency Court	Blueclouds Property Limited	Barclays Wealth (Guernsey) Limited	21 year lease	£295,585
Second & Third Floors, Regency Court	Blueclouds Property Limited	Butterfield Bank (Guernsey) Limited	21 year lease	£1,221,008.50
Part of Second Floor, Regency Court	Blueclouds Property Limited	Butterfield Fulcrum Group (Guernsey) Limited	Licence from Butterfield Bank (Guernsey) Limited being 4,490 square feet of second floor	£283,992 (at time of signing licence 1/1/09)
Electricity Sub-station	Premier Developments Limited	Guernsey Electricity Limited	999 year lease	- £1 nominal consideration paid for lease

1.2 Lease break options

Property	Tenant / Licensee	Lease/Licence Term	Break option?
Part of First Floor, Regency Court	Deloitte & Touche LLP	21 years from 2 June 2004	Either party may give written notice between 1/3/18 and 1/6/18 to terminate the lease on 1/6/19
Tennis Court, Roof Top of Regency Court	Premier Developments Limited	21 years from 28 May 2004	No
Part of Ground Floor, Regency Court	International Administration Guernsey Limited	15 years from 10 June 2006	No
Part of Ground Floor, Regency Court	EEA Fund Management (Guernsey) Limited	11 years from 1 April 2010	Either party may terminate the licence upon no less than 3 months' written notice
Part of Ground Floor, Regency Court	Schroders (CI) Limited	21 years from 7 October 2005	Either party may give written notice between 1/4/19 and 7/10/19 to terminate the lease on 6/10/20
Part of First Floor, Regency Court	Barclays Wealth (Guernsey) Limited	21 years from 2 June 2004	Either party may give written notice between 1/3/18 and 2/6/18 to terminate the lease on 1/6/19
Second & Third Floors, Regency Court	Butterfield Bank (Guernsey) Limited	21 years from 28 May 2004	The Tenant may give written notice between 28/5/16 and 28/2/17 to terminate the lease on 27/5/19
Part of Second Floor, Regency Court	Butterfield Fulcrum Group (Guernsey) Limited	16 years from 1 January 2009	No
Electricity Sub-station	Guernsey Electricity Limited	999 years from 31 December 2004	No

2. ACQUISITION OF THE PROPERTY COMPANY

The Company is offering to acquire, through Regency, on the terms and subject to the conditions set out in the Offer Document, the Equity Investor Shares, the Mezzanine Investor Shares, the Equity Loan Notes and the Mezzanine Loan Notes on the following basis:

- (1) each Equity Investor Share and each Equity Loan Note will be purchased, by the Company, through its wholly owned subsidiary Regency, in respect of each Equity Unit in consideration for:
 - (i) 20,000 Ordinary Shares (being such number of Ordinary Shares as equates, at the Placing Price, therefore to the sum of £20,000 being a sum equal to 80 per cent. of the original issue price of such Equity Unit and comprising consideration of 1p per Equity Investor Share and £19,950 for the Equity Loan Notes comprised in such Equity Unit); or
 - (ii) the sum of £17,500 paid in cash (being a sum equal to 70 per cent. of the original issue price of such Equity Unit and comprising consideration of 1p per Equity Share and £17,450 for the Equity Loan Notes comprised in such Equity Unit);
- (2) each Mezzanine Loan Note be purchased in cash by, Regency, for its full principal amount together with the total amount outstanding in respect of accrued but unpaid interest on each such Mezzanine Loan Note; and
- (3) each Mezzanine Investor Share be purchased in cash by, Regency, for its original issue price, being the sum of 1p per Mezzanine Investor Share.

The terms of the Offer value the Equity Loan Notes, the Mezzanine Loan Notes and the entire issued share capital of the Property Company between £7,100,000 and £7,700,000.

The maximum number of Ordinary Shares to be issued in connection with the Offer will be 50,000,000.

The Property Company shares will be acquired by the Company fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date on which the Offer becomes or is declared unconditional. Under the terms of the Offer, each Property Company shareholder will forego all rights to any future dividend or undeclared dividends or other returns of capital of the Property Company.

The Offer Document referred to above shall be available for inspection as described in paragraph 18 Part VII of this document.

PART VI
VALUATION REPORT

Our Ref: 101019TR-PA1021-TD

19 October 2010

The Directors
Channel Islands Property Fund Limited
P O Box 186
1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP

Dear Sirs

**Valuation of Regency Court, Gategny Esplanade, St Peter Port, Guernsey
On Behalf of Channel Islands Property Fund Limited**

Introduction

In accordance with the instructions received from Channel Islands Property Fund Limited, we hereby provide our opinion of the Market Value of the freehold interest in the property as described in the attached Schedule (The Schedule).

We understand that the valuation is required for inclusion in the Listing Document of Channel Islands Property Fund Limited to the Channel Islands Stock Exchange.

Compliance with the Royal Institution of Chartered Surveyors Valuation Standards

The Subject Property has been valued in accordance with the definition of Market Value as set out in the current edition of the RICS Valuation Standards (Sixth Edition) as well as the Listing Rules published by the Financial Services Authority. Market Value is defined as the estimated amount for which a property would exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had acted knowledgeably, prudently and without compulsion.

This Schedule contains the Net Annual Rental for the Subject Property referred to in the Schedule and the Net Annual Rent is defined in the Listing Rules as the current income or income estimated by the Valuer. This ignores any special receipts or deductions arising from the property. It excludes Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans) and after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the Subject Property and allowances to maintain it in a condition to command its rent.

The Schedule also includes the Estimated Net Annual Rental. The Estimated Net Annual Rental is based on the current rental value of the Subject Property. The rental value reflects the same terms as the existing leases where the property or part thereof is let at the date of valuation.

Status of Valuer and Conflicts of Interest

We would confirm that this valuation has been undertaken by a Valuer acting as an External Valuer as defined by the Royal Institution of Chartered Surveyors Valuation Standards.

We would confirm that we have no fee earning relationship with Channel Islands Property Fund Limited and aside from the fees from this assignment, have received no other fees from the Company.

We would declare that Montagu Evans Channel Islands Limited are the Managing Agents for the Subject Property, however our fees are recovered under the service charge which in turn is recovered in full from the occupational tenants. It is anticipated our role as Managing Agents will continue. We would confirm that we are not acting on behalf of the vendor / current owner in respect of any outstanding or current rent reviews nor are we acting on behalf of the vendor / current owner in respect of the sale.

Inspection

We would confirm that we inspected the Subject Property on 9 September 2010.

Assumptions and Sources of Information

We have relied upon information provided to us and that of which we are aware in respect of the tenancy position and occupational leases. As at the date of this valuation we have not seen the Report on Title prepared by Messrs Collas Day.

We would confirm that we have assumed that the Subject Property possesses a good and marketable freehold title, free from any onerous restrictions or conditions.

We have not carried out detailed investigations into the covenant strengths of the individual tenants, though we have made appropriate enquires where possible. We have reflected in our opinion as to Market Value a general understanding of a purchaser's likely perception of the individual tenant's financial status.

We have not been instructed to carry out building or structural surveys of the property, nor test its services. This has nevertheless recently been carried out by Messrs Brittain Hadley on behalf of the vendors. We have been provided with a copy of their findings. We have reflected in our valuations where necessary any defects, items of disrepair or outstanding works, alterations or improvements which we are aware of or which we noticed during the course of our inspection. Our valuation assumes the building contains no deleterious materials and that the site is unaffected by adverse soil conditions.

We have not carried out investigations into the property to establish the existence or otherwise of any environmental contamination. In the absence of any information to the contrary we have assumed that the Subject Property is unaffected by environmental contamination.

We are aware that there are no arrears of rent of service charges, material breaches of covenant and no current or anticipated tenant disputes.

Description, Tenure and Tenancies

We have provided in the attached Schedule details of the Subject Property, its tenure, terms of the individual tenancies, estimated current Net Annual Rents receivable, estimated current Net Rental Values and Market Value. In arriving at our opinion of Market Value we have had regard to current market evidence.

Taxation and Costs

We would confirm that we have made no allowance for Tax or Value Added Tax, though the latter of which is not currently applicable in Guernsey. We have made an allowance of 1.5% for disposal costs, as agreed, as we understand this is a sale by way of share transfer rather than sale by way of conveyance.

Valuation

We are of the opinion that the market value as at the valuation date 23 September 2010, of the freehold interest in the Subject Property, described in the Schedule, subject to the assumptions and comments in this valuation report is as follows:

£38,780,000.00

(Thirty Eight Million Seven Hundred and Eighty Thousand Pounds)

Confidentiality and Disclosure

We would confirm that the contents of this valuation report and the attached Schedule may only be used for the purposes of this valuation report. Before this valuation report, or any part thereof, is reproduced or referred to in any document, circular or statement, the Valuers written approval as to the form and context of such publication or disclosure must first be obtained.

The contents of the valuation report may only be used for the purpose of inclusion in the Listing Document, in respect of Channel Islands Property Fund Limited and we would confirm our agreement to its inclusion.

Yours faithfully

Tony Rowbotham
For and on behalf of Montagu Evans LLP

The Schedule

Address	Description and Tenure	Occupational Tenancies	Current Net Annual Rent Receivable	Estimated Net Annual Rent	Market Value
Regency Court, Gategny Esplanade, St Peter Port, Guernsey	<p>The Subject Property comprises a purpose built office building, completed in 2004, offering approximately 5,585.26 sq m (60,097 sq ft) arranged over 4 floors along with 202 car parking spaces to the rear.</p> <p>It is understood it was constructed utilising a steel frame, concrete infill floors under a mansarded roof.</p> <p>Internally the property offers an internal atrium with 2 passenger lifts to the front, 4 pipe fan coil air-conditioning, raised floors, and male and female w.c facilities on each floor.</p> <p>Freehold</p>	<p>Let on 5 separate leases.</p> <p>The second and third floors are let to the Butterfield Bank International (Guernsey) Ltd on a 21 year lease from May 2004, subject to a tenant's break in May 2019.</p>	£1,221,008.5	£1,343,460	£38,780,000
		<p>Part of the first floor is let to Deloitte & Touche Partnership with a guarantee from Deloitte & Touche LLP on a 21 year lease from June 2004 subject to a mutual break in June 2019.</p>	£333,442	£358,468	
		<p>Part of the first floor is let to Barclays Wealth (Guernsey) Limited subject to a guarantee from Deloitte & Touche LLP on a 21 year lease from June 2004 subject to a mutual break in June 2019</p>	£295,584	£319,736	
		<p>Part of the ground floor is let to Schrodgers (CI) Limited on a 21 year lease from October 2005 subject to a mutual break in October 2019.</p>	£333,872.28	£359,544	

		<p>Part of the ground floor is let to International Administration Guernsey Limited on a 15 year lease from June 2006.</p> <p>All leases are on effective full repairing and insuring terms subject to 3 yearly upwards only rent reviews with a full liability for repairs and redecoration resting with the tenant, the cost of which is recovered under a service charge.</p> <p>The 2010 rent reviews with Bank of Butterfield, Deloitte & Touche and International Administration Guernsey Ltd remain outstanding.</p> <p>Additional third party income</p>	<p>£192,147.36</p> <p>£782</p>	<p>£210,426.80</p> <p>£782</p>	
			TOTAL	TOTAL	
			£2,376,836.14	£2,592,416.80	

PART VII

ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors whose names, functions and addresses appear on page 3 of this document and the Company, accept responsibility for the information contained in this Listing Document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Listing Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and status of the Company

- 2.1 The Company was incorporated with limited liability in Guernsey under the Law on 25 August 2010 with registered number 42324. The Company is an authorised closed-ended investment company under the POI Law.
- 2.2 The legal and commercial name of the Company is Channel Islands Property Fund Limited.
- 2.3 The principal legislation under which the Company operates is the Law and the regulations made thereunder.
- 2.4 The registered office of the Company is at 1 Le Marchant Street, St. Peter Port, Guernsey GY1 4HP. Statutory records of the Company are located at the registered office of the Company.
- 2.5 Subject to the applicable laws, the liability of the members of the Company is limited.

3. Share capital of the Company

- 3.1 The Company's authorised and issued share capital, at the date of this document and as it is expected to be immediately following Admission (assuming the maximum number of Ordinary Shares are issued by the Company as part of the Placing) is as follows:

At the date of this document

	No. of Ordinary Shares	Nominal value of Ordinary Shares
Authorised	Unlimited	No par value
Issued and fully paid	50,000,000	No par value

- 3.2 On incorporation the Company's authorised share capital was divided into an unlimited number of shares of no par value. Upon issue, the Directors may categorise the Shares of the Company as Ordinary Shares or as C Shares or otherwise. At incorporation, one Ordinary Share was subscribed for by the Subscriber to the Memorandum of Incorporation (the "**Subscriber Share**"). The Subscriber Share will be sold to Peter Tom.
- 3.3 Interests of Directors in the share capital:

Name	Number of Shares	Held by	Fully paid
Peter Tom CBE	500,000	MPR Trust Limited as Trustees of the PWG Tom RAT	Yes
Paul Bell	1,000,000	Paul Bell	Yes

Paul Bell's acquisition of Ordinary Shares is expected to be effected within 4 weeks from Admission.

3.4 Interests of the Manager and its officers in the share capital:

Name	Number of Shares	Held by	Fully paid
Jonathan Ravenscroft	500,000	TEMK Investments Limited	Yes

3.5 Share capital holdings over 10 per cent.

The Company's majority holders of Ordinary Shares do not have different voting rights to the other holders of Ordinary Shares.

3.6 Save for issue of the Subscriber Share referred to above, since the date of incorporation, no share or loan capital had been issued and agreed to be issued or is now proposed to be issued for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company. No share capital of the Company is currently under option or agreed to be put under option.

4. Memorandum and Articles of Incorporation

4.1 Memorandum

The Memorandum of Incorporation provides that the Company's objects are unrestricted and it shall therefore have the full power and authority to carry out any object not prohibited by the Law, or any other law of Guernsey. Copies of the Memorandum of Incorporation are available for inspection at the Company's registered address specified on page 3.

4.2 Articles of Incorporation

The Articles of Incorporation of the Company contain provisions, inter alia, to the following effect. Copies of the Articles of incorporation are available for inspection at the Company's registered address specified on page 3.

Voting Rights

- (1) On a show of hands, every Shareholder present in person or by proxy shall have one vote subject to any special voting powers or restrictions.

On a poll, every Shareholder present in person or by proxy shall have one vote for each share held by him subject to any special voting powers or restrictions.

Where there are joint registered holders of any shares, such persons shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the Register shall alone be entitled to vote.

Any Shareholder, being incapable or of unsound mind, may vote by his curator or other legal guardian. Any of such persons may vote either personally or by proxy.

On a poll, votes may be given either personally or by proxy and a Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A proxy need not be a Shareholder. An instrument of proxy may be valid for one or more meetings.

No Shareholder shall be entitled to be present or take part in any proceedings or vote, either personally or by proxy, at any meeting unless all calls due from him have been paid.

No Shareholder shall be entitled to vote in respect of any shares that he has acquired unless he has been registered in the Register as their holder.

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed shall be valid for all purposes. Any objection made in due time shall be referred to the chairman whose decision shall be final and binding.

For the purposes of the above, where a person is present by proxy or proxies, he/she is treated as holding only the shares in respect of which the proxies are authorised to exercise voting rights.

At a variation of class rights meeting, any holder of shares of the class in question present may demand a poll.

For the purposes of the above:-

- (a) any alteration of a provision contained in the Articles for the variation of rights attached to a class of shares, or the insertion of any such provision into the Articles, is itself to be treated as a variation of those rights; and
- (b) references to the variation of rights attached to a class of shares include references to their abrogation.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(2) **General Meeting**

The first general meeting of the Company shall be held within eighteen (18) months of the date of incorporation, as required by the Law, and thereafter general meetings shall be held once at least in each subsequent calendar year in accordance with Sections 199 of the Law but so that not more than fifteen (15) months may elapse between one annual general meeting and the next. The requirement for a general meeting may be waived by the Shareholders in accordance with the provisions of the Law. Other meetings of the Company shall be called extraordinary general meetings.

The quorum for a general meeting shall be two (2) or more Shareholders holding 5 per cent or more of the voting rights applicable at such meeting present in person or by proxy provided that, if the Company shall have only one (1) Shareholder entitled to attend and vote at the general meeting, that Shareholder shall constitute a quorum.

If, within half an hour after the time appointed for the meeting, a quorum is not present, the meeting, if convened by or upon a requisition, shall be dissolved. If otherwise convened, it shall stand adjourned for fourteen (14) clear days at the same time and place and no notice of adjournment need be given.

(3) **Share Capital**

The Company may issue an unlimited number of shares of no par value.

Ordinary Shares

The rights attaching to the Ordinary Shares shall be as follows:

- (a) As to income - the holders of Ordinary Shares shall be entitled to receive, and participate in, any dividends or other distributions attributable to the Ordinary Shares available for dividend or distribution and resolved to be distributed in

respect of any accounting period or any other income or right to participate therein in accordance with paragraph 4.2 (8).

- (b) As to capital - the holders of Ordinary Shares shall be entitled on a winding up to participate in the distribution of capital in the manner described in paragraph 4.2 (6).
- (c) As to voting - the holders of the Ordinary Shares shall be entitled to receive notice of and to attend and vote at general meetings of the Company.

C Shares

The rights attaching to the C Shares (as defined in the Articles) shall be as set out in paragraph 4.2 (20).

General

Without prejudice to any special rights previously conferred on the holders of any existing Ordinary Shares or class of shares, any Ordinary Share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights or restrictions, whether as to dividend, voting, return of capital or otherwise, as the Board may determine. To the extent required by sections 292 and 293 of the Law, the Board is authorised to issue an unlimited number of shares (or options, warrants or other rights in respect of shares) (subject only to any limitation in the Articles) which authority shall expire five (5) years after the date of adoption of the Articles; in the event that the restrictions in section 292(3)(a) and/or (b)(i) of the Law are amended or removed, such authority shall be to the extent and for as long as is legally permissible. This authority may be further extended in accordance with the provisions of the Law.

(4) **Issue of Shares**

Subject to the authority to issue Ordinary Shares referred to in paragraph 4.2 (3) or any extension thereof, the unissued Ordinary Shares shall be at the disposal of the Board which may allot or grant options, warrants or other rights over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that no Ordinary Share shall be issued at a discount except in accordance with the Law and so that the amount payable on application on each Ordinary Share shall be fixed by the Board.

Any shares may with the sanction of the Board be issued on terms that they are, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such terms and in such manner as the Board may determine.

(5) **Variation of Class Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

The quorum for a variation of class rights meeting is; for a meeting other than an adjourned meeting, two (2) persons present holding at least one third of the voting rights of the class in question; for an adjourned meeting, one (1) person holding shares of the class in question; or where the class has only one Member, that Member.

(6) **Winding up**

The Company shall be wound up in any of the circumstances specified in the Law and assets available for distribution to Shareholders shall, subject to any special terms of issue, be distributed according to the number of shares held by each Shareholder.

If the Company shall be wound up whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide among the Shareholders in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the Shareholders as the liquidator with the like sanction shall think fit.

In case any of the securities or other assets to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said assets may within fourteen (14) clear days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.

The capital and assets of the Company shall, on a winding up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (a) the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution; and
- (b) the C Share Surplus shall be divided amongst the holders of C Share(s) *pro rata* according to their holdings of C Shares.

(7) **Notice requiring disclosure of interest in Shares**

The Directors shall have power by notice in writing to require any Shareholder to disclose to the Company the identity of any person (other than the Shareholder) who has an interest in the Ordinary 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 the prescribed period, which is 28 days after service of the notice or 14 days if the Ordinary Shares concerned represent 0.25 per cent. or more in value of the issued Ordinary Shares of the relevant class or such other reasonable time period as the Directors may determine. The direction notice may direct that in respect of the Ordinary Shares in respect of which the default has occurred (the "default Shares") and any other Ordinary Shares held by the Shareholder, the Shareholder shall not be entitled to vote (either personally or by representative or by proxy) 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 on such shares will be retained by the Company (without interest), and that no transfer of the Ordinary Shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.

(8) **Dividends**

Subject to compliance with section 304 of the Law, the Board may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Board may also declare and pay any fixed dividend which is payable on any Ordinary Shares half-yearly or otherwise on fixed dates whenever the position, in the opinion of the Board, so justifies.

The method of payment of dividends shall be at the discretion of the Board.

No dividend shall be paid in excess of the amounts permitted by the Law or approved by the Board.

Unless and to the extent that the rights attached to any Ordinary Shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid *pro rata* according to the number of Ordinary Shares held by each Shareholder.

The Board may deduct from any dividend payable to any Shareholder on or in respect of an Ordinary Share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

The Board may retain any dividend or other moneys payable on or in respect of an Ordinary Share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

The Board may retain dividends payable upon Ordinary Shares in respect of which person is entitled to become a Shareholder until such person has become a Shareholder.

With the sanction of the Company in general meeting, any dividend may be paid wholly or in part by the distribution of specific assets and, in particular, of paid-up Ordinary Shares of the Company. Where any difficulty arises in regard to such distribution the Board may settle the same as it thinks expedient and in particular may issue fractional Shares and fix the value for distribution of such specific assets and may determine that cash payments shall be made to any Shareholders upon the footing of the value so fixed in order to adjust the rights of Shareholders and may vest any such specific assets in trustees for the Shareholders entitled as may seem expedient to the Board.

Any dividend interest or other moneys payable in cash in respect of Ordinary Shares may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders, who is first named on the register. Any one of two or more joint holders may give effectual receipts for any dividends interest or other moneys payable in respect of their joint holdings.

No dividend or other moneys payable on or in respect of an Ordinary Share shall bear interest against the Company.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of six years after having been declared shall be forfeited and shall revert to the Company.

(9) **Determination of Net Asset Value**

The Net Asset Value of the Company shall be determined in accordance with the following provisions:-

The Net Asset Value shall be equal to the value as at the relevant Valuation Point (as defined in the Articles) of all the assets, less all the liabilities, of the Company (calculated on the basis set out in this Articles).

The assets of the Company shall be deemed to include the following:-

- (a) all real property;
- (b) all cash on hand, on loan or on deposit, or on call including any interest accrued thereon;
- (c) all treasury bills, demand notes, promissory notes and accounts receivable;
- (d) all shares, stocks, units, participations, warrants, bonds, time notes, debenture stock, subscription rights, options, futures contracts and other investments and securities owned or contracted for by the Company, other than rights and securities issued by it;
- (e) all stock and cash dividends and cash distributions to be received by the Company and not yet received by it but declared payable to stockholders of record on a date before the day as of which the assets are being valued;
- (f) all interest accrued on any interest-bearing securities owned by the Company;

- (g) unrealised profits on open contracts; and
- (h) all other assets of the Company of every kind and nature including any claims for repayment of any taxation levied on capital (including capital gains) or on income accrued before the Valuation Point (as defined in the Articles) and prepaid expenses as valued and defined from time to time by the Directors.

Any expense or liability of the Company may be amortised over such period as the Directors may determine (and the Directors may at any time and from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time shall also be deemed to be an asset of the Company.

The investments of the Company shall be valued as follows:-

- (a) subject to sub-Article (g) below, assets listed, quoted or dealt in on a recognised securities exchange (including financial futures, warrants and rights expressed by reference to stock indices) are to be valued at the mid market price, at the last close of business before the Valuation Point (as defined in the Articles) on the recognised securities exchange which, in the opinion of the Directors, is the principal recognised securities exchange on which the asset in question is listed, quoted or dealt in. If separate bid and offer prices are quoted, the price to be adopted for calculating the Net Asset Value shall be the mean average of the two prices;
- (b) deposits shall be valued at their principal amount plus accrued interest from the date of acquisition;
- (c) certificates of deposit acquired at their nominal value shall be valued at cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate;
- (d) certificates of deposit acquired at a discount or premium on the sum of the nominal value and accrued interest at the date of acquisition shall be valued at their cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate, and adjusted by an amount equal to the discount or premium at which they were acquired divided by the number of days unexpired at the date of acquisition and multiplied by the number of days elapsed from the date of acquisition to the date as of which the assets are being valued;
- (e) investments in unit trusts or other forms of collective investment schemes will be valued at the latest available mid-market price or valuation quoted by the manager or, as the case may be, the administrator of the unit trust or scheme in question;
- (f) any interest and exchange rate contracts will be valued at their market value; and
- (g) other investments of the Company shall be valued in accordance with the Prospectus or as otherwise determined by the Directors from time to time in their absolute discretion;

PROVIDED THAT if in the case of any investment the Directors at any time consider that the above basis of valuation is inapplicable or that the value determined in accordance with the foregoing principles is unfair they shall be entitled to substitute what in their opinion is a fair and reasonable value therefore (or different values for the purpose of calculating offer prices and bid prices).

Notwithstanding the foregoing, where at the time as of which the assets are being valued any investment of the Company has been realised or unconditionally

contracted to be realised there shall be included in the assets of the Company in place of such investment the net amount receivable by the Company in respect thereof provided that if the net amount receivable is not payable until some further time after the time as of which the assets are being valued the Directors may make such allowance as they consider appropriate.

Notwithstanding the rules in paragraphs (a) to (g) above on valuation of investments where an option subsists for another person to purchase an asset from the Company or for the Company to sell an asset to another person, but such option has not been exercised, the value of the asset concerned shall be taken to be the price at which the option is exercisable, at any time at which such price is (in the case where another person is entitled to purchase) lower than, or (in the case where the Company is entitled to sell to another person) higher than, the price by reference to which the value would otherwise be calculated.

Any valuations made pursuant to these Articles shall be binding on all relevant persons.

The liabilities of the Company shall be deemed to include all its liabilities (including such amount as the Directors determine to provide in respect of contingent liabilities including (but without limitation) liabilities in respect of taxation on income or capital gains whether realised or unrealised) of whatsoever kind and nature. Any unrealised loss on open contracts will be included as liabilities of the Company. In determining the amount of such liabilities the Directors may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period. All fees and expenses payable by the Company shall be treated as accruing on a daily basis unless the Directors shall otherwise determine.

Brokerage commissions on open contracts shall be accrued as a liability of the Company upon the initiation of such positions.

Valuations will be provided to the CISX as soon as practicable after calculation.

(10) **Transfer of Shares**

The Articles are subject to, and do not limit or restrict the Company's powers to transfer shares in accordance with the Uncertificated Securities (Enabling Provisions) (Guernsey) Law, 2005 and any legislation or rules enacted in respect of it.

All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

The Articles provide that the Directors may implement such arrangements as they may, in their absolute discretion, 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 arrangements no provision of the Articles shall 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.

Where any class of Ordinary Shares is, for the time being, admitted to settlement by means of the CREST system such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements.

Unless the Directors otherwise determine, such securities held by the same holder or joint holders in certificated form and uncertificated form shall be treated as separate holdings.

Such securities may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the CREST Guernsey Requirements.

Title to such of the Ordinary Shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system and as provided in the CREST Guernsey Requirements.

Every transfer of Ordinary 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 Ordinary Shares transferred, notwithstanding any agreements or arrangements to the contrary, however and whenever arising and however expressed.

Subject to such of the restrictions of the Articles, any Shareholder may transfer all or any of their certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. The instrument of transfer of an Ordinary Share shall be signed by or on behalf of the transferor and, unless the Ordinary Share is fully paid, by or on behalf of the transferee.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Ordinary Share in certificated form or uncertificated form which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis. The Directors may also refuse to register any transfer of Ordinary Shares which is prohibited by the provisions described above, or any transfer of Ordinary Shares unless such transfer is in respect of only one class of Ordinary Shares, is in favour of a single transferee or no more than four joint transferees, is delivered for registration to the Company's registered office such other place as the Board may decide, and is accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

Subject to any relevant restrictions of the Articles, any Shareholder may transfer all or any of their uncertificated Ordinary Shares by means of a relevant system authorised by the Directors in such manner provided for, and subject as provided in any regulations issued for this purpose under the Law or as may otherwise from time to time be adopted by the Directors on behalf of the Company and the rules of any relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated Ordinary Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Ordinary Shares to be transferred.

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

(11) **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 Member or the shares to which a person is entitled by virtue of transmission on death or insolvency or otherwise by operation of law if and provided that:

- (i) during the period of not less than twelve (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 (3) dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed; and
- (ii) the Company shall following the expiry of such period of twelve (12) years have inserted advertisements, but in a national newspaper and in a newspaper circulating in the area in which the last known address of the Member or the address at which service of notices may be effected under

these Articles is located giving notice of its intention to sell the said shares;
and

- (iii) during the period of three (3) 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 Member or person; and
- (iv) notice shall have been given to the stock exchanges on which the Company is listed, if any.

The above provisions are subject to any restrictions applicable under any regulations relating to the holding and/or transferring of securities in any paperless system as may be introduced from time to time in respect of the shares of the Company or any class thereof.

(12) **Alteration of capital and purchase of shares**

The Company may by ordinary resolution: consolidate and divide all or any of its share capital into shares of larger or smaller amounts than its existing Ordinary Shares; subdivide all or any of its Ordinary Shares into shares of a smaller amount subject to the paragraph below; cancel Ordinary Shares which, at the date of the passing of the resolution, have not been taken up or agreed to be taken up by any person, and diminish the amount of its share capital by the amount of Ordinary Shares so cancelled; convert all or any of its Ordinary Shares, the nominal amount of which is expressed in a particular currency or former currency into Ordinary Shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other day as may be specified therein; or where its share capital is expressed in a particular currency or former currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency or former currency, or otherwise.

In any subdivision under the paragraph above the proportion between the amount paid and the amount, if any, unpaid on each reduced Ordinary Share shall be the same as that proportion in the case of the Ordinary Share from which the reduced Ordinary Share was derived.

The Company may reduce its share capital, any capital account or any share premium account in any manner and with and subject to any authorisation or consent required by the Law.

The Company may, at the discretion of the Board, purchase any of its own Ordinary Shares whether or not they are redeemable, and may pay the purchase price in respect of such purchase to the fullest extent permitted by the Law.

(13) **Notices**

A notice or other communication may be given by the Company to any Shareholder either personally or by sending it by prepaid post addressed to such Shareholder at his registered address or, subject to below, in electronic form or if he desires that notices shall be sent to some other address or person to the address or person nominated for such purpose.

Any notice or other document, if served by post (including registered post, recorded delivery service or ordinary letter post), shall be deemed to have been served on the third day after the day on which the same was posted from Guernsey to an address in the United Kingdom, the Channel Islands or the Isle of Man and, in any other case, on the seventh day following that on which the same was posted.

Service of a document sent by post shall be proved by showing the date of posting, the address thereon and the fact of pre-payment.

Any notice or other document, if transmitted by electronic communication, facsimile transmission or other similar means which produces or enables the production of a document containing the text of the communication, shall be regarded as served when it is received.

A notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder first named in the register in respect of the Share.

Any notice or other communication sent to the address of any Shareholder shall, notwithstanding the death, disability or insolvency of such Shareholder and whether the Company has notice thereof, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder and such service shall, for all purposes, be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such Share.

All Shareholders shall be deemed to have agreed to accept communication from the Company by electronic means in accordance with sections 524 and 526 and schedule 3 of the Law unless a Shareholder notifies the Company otherwise. Such notification must be in writing and signed by the Shareholder and delivered to the Company's registered office or such other place as the Board directs.

(14) Notice of general meetings

A general meeting of the Company (other than an adjourned meeting) must be called by notice of at least fourteen (14) clear days.

A general meeting may be called by shorter notice than otherwise required if all the Shareholders entitled to attend and vote so agree.

Notices may be published on a website in accordance with section 208 of the Law.

Notice of a general meeting of the Company must be sent to every Shareholder entitled to attend and vote thereat, every Director and every alternate Director registered as such.

Notice of a general meeting of the Company must state the time and date of the meeting, state the place of the meeting, specify any special business to be put to the meeting as defined in the Articles), contain the information required under section 178(6)(a) of the Law in respect of a resolution which is to be proposed as a special resolution at the meeting, contain the information required under section 179(6)(a) of the Law in respect of a resolution which is to be proposed as a waiver resolution at the meeting, and contain the information required under section 180(3)(a) of the Law in respect of a resolution which is to be proposed as a unanimous resolution at the meeting.

Notice of a general meeting must state the general nature of the business to be dealt with at the meeting.

The accidental omission to give notice of any meeting to or the non-receipt of such notice by any Shareholder shall not invalidate any resolution or any proposed resolution otherwise duly approved.

(15) Conflicts of Interest

A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board in accordance with section 162 of the Law:

- (a) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest; or
- (b) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest.

The obligation referred to above does not apply if:

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

A general disclosure to the Board to the effect that a Director has an interest (as director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party is sufficient disclosure of interest in relation to that transaction.

Nothing in this paragraph 4.2 (14) above applies in relation to:

- (a) remuneration or other benefit given to a Director;
- (b) insurance purchased or maintained for a Director in accordance with section 158 of the Law; or
- (c) a qualifying third party indemnity provision provided for a Director in accordance with section 159 of the Law.

Subject to the paragraph below, a Director is interested in a transaction to which the Company is a party if such Director:

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

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

Save as provided in the Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in Shares or debentures or other securities of or otherwise through the Company. A Director may be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:

- (a) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he

himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

- (c) any proposal concerning an offer of Shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent. or more of the issued shares of such company (or of any third company through which his interest is derived) or of the voting rights available to shareholders of the relevant company (any such interest being deemed for these purposes to be a material interest in all circumstances).

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested the Directors may be counted in the quorum for the consideration of such proposals and such proposals may be divided and considered in relation to each director separately and in such case each of the directors concerned (if not debarred from voting under the provisions referred to above) shall be entitled to vote and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed.

The Company may by ordinary resolution suspend or relax the provisions referred to above to any extent or ratify any transaction not duly authorised by reason of a contravention of any of the paragraphs above.

Subject to the provisions referred to above the Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them director, managing director, managers or other officer of such company or voting or providing for the payment or remuneration to the directors, managing director, manager or other officer of such company).

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.

Subject to due disclosure in accordance with the provisions referred to in this paragraph 4.2 (14), no Director or intending Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested render the Director liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

Any Director may continue to be or become a director, managing director, manager or other officer or member of any company in which the Company may be interested and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him as a Director, managing director, manager or other officer or member of any such other company.

(16) Remuneration and appointment of Directors

The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other sub-paragraph of the Articles) shall not exceed in aggregate £50,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Such remuneration shall be deemed to accrue from day to day.

The Directors shall also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. In addition, the Board may reward additional remuneration to any Director engaged in exceptional work at the request of the Board on a time spent basis.

The Board shall have power at any time to appoint any person eligible accordance with section 137 of the Law 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 shall not at any time exceed the number, if any, 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.

Without prejudice to the powers of the Board, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

The Directors may at any time appoint one or more of their body to the office of managing director for such term and at such remuneration and upon such terms as they determine.

(17) Disqualification and Retirement of Directors

No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless, not less than (14) clear days before the date appointed for the meetings there shall have been left at the Company's registered office notice in writing signed by a Shareholder duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected.

A Director shall cease to hold office: (i) if the Director not being a person holding for a fixed term an executive office subject to termination if he ceases for any reason to be a Director) resigns his office by written notice signed by him sent to or deposited at the registered office of the Company, (ii) if he shall have absented himself from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated, (iii) if he dies or becomes of unsound mind or incapable, (iv) if he becomes insolvent, suspends payment or compounds with his creditors, (v) if he is requested to resign by written notice signed by all his co-Directors, (vi) if the Company in general meeting shall declare that he shall cease to be a Director, (vii) if he becomes resident in the United Kingdom and, as a result thereof, a majority of the Directors are resident in the United Kingdom or (viii) if he becomes ineligible to be a Director in accordance with section 137 of the Law.

(18) Indemnity

The Directors, company secretary and officers for the time being of the Company and their respective heirs and executors shall, to the extent permitted by section 157 of the Law, be fully indemnified out of the assets and profits of the Company from and

against all actions, expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts.

(19) **Borrowing powers**

The Board may exercise all the powers of the Company to borrow money and to mortgage, hypothecate, pledge or charge all or part of its undertaking, property and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party.

(20) **C Shares and New Shares**

Issues of C Shares

Subject to the Law, the Directors shall be authorised to issue C Shares in tranches on such terms as they determine provided that such terms are consistent with the provisions contained in this paragraph. The Directors shall, on the issue of each tranche of C Shares, determine the Calculation Time (as defined in the Articles) and Conversion Time (as defined in the Articles) together with any amendments to the definition of Conversion Ratio (as defined in the Articles) attributable to each such tranche.

Each tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class of Shares. The Directors may, if they so decide, designate each tranche of C Shares in such manner as they see fit in order that each tranche of C Shares can be identified.

Dividends and Pari Passu Ranking of C Shares and New Shares

The holders of C Share(s) of a tranche shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share Surplus of that tranche.

If any dividend is declared after the issue of any tranche of C Shares and prior to the Conversion of that tranche, the holders of Ordinary Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus of the relevant tranche of C Shares.

The New Shares (as defined in the Articles) shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Time and otherwise pari passu with the Ordinary Shares in issue at the Conversion Time.

Rights as to Capital

The capital and assets of the Company shall, on a winding up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (a) the Share Surplus (as defined in the Articles) shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution; and
- (b) the C Share Surplus shall be divided amongst the holders of C Share(s) pro rata according to their holdings of C Shares.

Voting and Transfer

The C Shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as the Ordinary Shares (notwithstanding any difference in the respective Net Asset Values of the C Shares and Ordinary Shares). The C Shares shall be transferable in the same manner as the Ordinary Shares.

Redemption

The C Shares are issued on terms that each tranche of C Shares shall be redeemable by the Company in accordance with the terms set out in the Articles.

At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facilities and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holders of C Share(s).

(21) Forfeiture and surrender of Shares

Any Ordinary Share in respect of which a notice requiring payment of an unpaid call or instalment, together with any interest which may have accrued and any expenses which may have been incurred, has been served may, at any time before payment has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Ordinary Share and not actually paid before the forfeiture.

5. Information on the Directors and others

5.1 The names, dates of birth, nationality and functions of the Directors are as follows:

Name	Date of Birth	Nationality	Function
PETER TOM CBE	26 July 1940	British	Non-executive Chairman
PAUL BELL	15 January 1956	British	Non-executive Director
SHELAGH MASON	13 August 1959	British	Non-executive Director

The business address of each of the Directors is the registered office address of the Company.

5.2 In addition to any directorship of a member of the Company, the Directors hold or have held the following directorships or have been partners in the following firms within the five years prior to the date of this document:

Director	Current directorships and/or Partnerships	Past directorships and/or partnerships
Peter Tom	AGA Foodservice Group Plc Beach House Ltd Beach Restaurant Ltd Breedon Aggregates Ltd Channel Islands Property Fund Limited Global Botanical Research Limited Leaf Clean Energy Plc Leicester Football Club Plc Leicester Rugby Club Limited Leicester Tigers Limited Midlands Conference Centre Ltd Care Biotechnologies 1880 Holdings Ltd New River Retail Plc Rise Rocks Ltd Tigers Events Limited	Aggregate Industries Pension Trustee Limited Aggregate Industries SLAS Limited Aggregate Industries South West Limited AI Overseas Investments Limited Camas Holdings Limited Camas Limited Camas UK Limited Lodelane Investments Paragon Materials Limited Aggregate Industries Holdings Limited Aggregate Industries Limited The Bardon Mill House Company Rapid Realisation
Paul Bell	PB Investments Ltd PB Properties Ltd Trinity Manor Farm Ltd Koltov Investments Ltd Sisma Aviation Ltd Trinity Consultants Ltd B&V Holdings Ltd	Morris Homes (West Midlands) Ltd PB Properties - Villa Canut Ltd PB Properties - Le Bechet Ltd PB Properties – Greenfield Ltd.
Shelagh Mason	ARSY Holdings Limited MedicX Fund Limited	PFB Regional Office Fund (liquidated 14 July 2009)

	PFB Data Centre Fund Standard Life Investments Property Holdings Limited Standard Life Investments Property Income Trust Limited Third Point Independent Voting Company Ltd G.Res 1 Limited New River Retail Limited Quercus PCC Limited Mason & Co.	Ptarmigan Property Limited Wood Works Limited Sage Bhartiya Infrastructure Fund IC Ltd Ptarmigan property II Limited PFB Strategic Land Opportunity Fund Limited Atlas Estates Limited Safehaven Property Investment Company Limited
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PFB Regional Office Fund was liquidated on 14 July 2009. The liquidation was due to a combination of (i) the state of the market for letting small offices in the North West, (ii) the downward valuation of the company's portfolio and (iii) the withdrawal of bank support which had been pledged until the end of June but appointed receivers in respect of the majority of the property portfolio on 17th June 2009. The directors took the decision to place the company into liquidation and a liquidator was appointed on 14th July 2009.

- 5.3 Save as set out in paragraph 5.2 above, none of the Directors has any business interests or activities outside the Company which are significant with respect to the Company.
- 5.4 Save as disclosed below or elsewhere in this document, none of the directors:
- 5.4.1 has any unspent convictions in relation to indictable offences;
- 5.4.2 has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of his assets;
- 5.4.3 has been a director of any company which, whilst he was such a director or within 12 months after his ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed;
- 5.4.4 has been a partner in any partnership which, whilst he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;
- 5.4.5 has had an administrative or other receiver appointed in respect of any asset belonging either to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or
- 5.4.6 has received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 5.5 There are no loans or guarantees granted or provided by the Company to or for the benefit of any of the Directors which are now outstanding.

6. Remuneration of the Directors

- 6.1 The Directors are engaged by the Company under letters of appointment dated 26 October 2010, with the Company providing for each to act as a non-executive director of the Company.

6.2 Removal

The appointment of each of the Directors is terminable by three months notice in writing by either party. No benefits are payable to any of the directors upon

termination of their engagement with the Company other than in respect of fees and expenses accrued to the date of termination.

6.3 Directors' Remuneration

The Directors' annual fees are:

Name	Annual Fee (£)
Peter Tom	£20,000
Paul Bell	£15,000
Shelagh Mason	£15,000

The aggregate remuneration payable by the Company (including bonuses and benefits in kind) to the Directors in respect of the period ending 31 October 2011 under arrangements in force at the date of this document is expected to amount to approximately £50,000.

6.4 Save as set out in paragraph 6.1 above, on Admission there will be no existing or proposed service agreements between the directors and any member of the Company. Furthermore, there are no commissions or profit-sharing arrangements with any of the Directors.

6.5 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

6.6 Shelagh Mason has provided legal services to Deloitte LLP. Save as set out in this document there are no conflicts of interests involving the Directors and the Company.

7. Advisers

7.1 The Administrator was incorporated as a limited liability company in Guernsey on 19 October 1988 with registered number 19606. The Administrator is regulated by the GFSC and is licensed under the POI Law, as a designated manager of collective investment schemes. The Administrator is subject to financial provisions as set out in The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations 2007, as amended. The registered office of the Administrator is set out on page 3 of this document and its telephone number is +44 1481 726034.

The Manager was incorporated as a limited liability company on 8 March 2005. The Manager is regulated by the GFSC and is licensed under the POI Law to manage collective investment schemes. The Manager is subject to financial provisions as set out in The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations 2007, as amended. The registered office of the Manager is set out on page 3 of this document and its telephone number is +44 1481 729100.

8. Principal establishments

The Company's registered office and principal place of business is at 1 Le Marchant Street, St. Peter Port, Guernsey GY1 4HP. The Company's telephone number is + 44 (0) 1481 726034.

9. Pensions

The Company does not operate any retirement, pensions or similar arrangements.

10. Arrangements relating to the Placing and Offer Document

10.1 The Placing Agreement

On 26 October 2010, the Company (1) and the Manager (2) entered into the Placing Agreement pursuant to which the Manager has agreed, conditionally upon, inter alia, Admission and the Offer being declared unconditional taking place not later than 31

December 2010, to use its reasonable endeavours to procure subscribers for the new Placing Shares at the Placing Price.

Under the Placing Agreement, the Manager will receive a commission of 3 per cent. of the aggregate value at the Placing Price of the Placing Shares, to be paid by the Company. The Company has agreed to pay all other costs, charges and expenses of, or incidental to, the Placing and the application for Admission and related arrangements. The Manager is to receive the whole of its commission in cash from the Company.

The Placing Agreement, which contains certain warranties, undertakings and indemnities by the Company in favour of the Manager is conditional, inter alia, on (i) Admission occurring not later than 16 November 2010 (or such later date as the Company and the Manager may agree not being later than 31 December 2010) and (ii) none of the warranties given to the Manager prior to Admission being untrue, inaccurate or misleading in any material respect.

The Manager may terminate the Placing Agreement in specified circumstances, including for breach of warranty, at any time prior to Admission and in the event of force majeure at any time prior to Admission.

10.2 Offer Document

Under the terms of the Offer Document, the Company has agreed, conditional, inter alia, upon Admission and the acquisition of seventy five (75) per cent. in nominal value of the Equity Investor Shares and the Mezzanine Investor Shares, to acquire the entire issued share capital of the Property Company, which through the Property Subsidiary is the registered holder of the Initial Property. The Company reserves the right under the Offer Document to utilise the drag provisions set out in the articles of association of the Property Company to acquire the Equity Investor Shares and the Mezzanine Investor Shares of any parties that do not accept the Offer.

11. Taxation

The information below, which is of a general nature only and which relates only to the United Kingdom, Guernsey and Jersey taxation, is applicable to the Company and its subsidiaries and to persons who are resident or ordinarily resident in the United Kingdom, Guernsey and Jersey and who hold Ordinary Shares as an investment. It is based on existing law and practice as at the date of this document and is subject to subsequent changes therein. Any change in the tax status of the Company or its subsidiaries or in taxation legislation in the United Kingdom, Guernsey or Jersey or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company or its subsidiaries or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post-tax returns to Shareholders. You are strongly recommended to consult your own professional adviser in relation to any investment in the Company.

11.1 The Company

United Kingdom taxation

It is the intention of the Directors that the affairs of the Company will be conducted so that the Company will not itself (as opposed to certain of its subsidiaries) be subject to tax in the United Kingdom. It is the intention that the central management and control of the Company will only be in Guernsey and the Company will not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). On that basis, the Company will not be resident in the United Kingdom for taxation purposes and the Company should not be liable to United Kingdom tax on its income and gains, although any of its subsidiaries resident in the United Kingdom or with United Kingdom property may well be subject to United Kingdom taxation on their income and gains.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration.

The Company intends to apply for exempt status to the Director of Income Tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for Guernsey tax purposes. The Company will be eligible for exempt status if it has a majority, by number of Ordinary Shares, of non Guernsey resident Shareholders and Guernsey resident individual Shareholders each owning less than 1% of the Ordinary Shares. If the majority of Shareholders are Guernsey resident then the Company will be taxable in Guernsey at the Company standard rate of 0%.

In return for the payment of a fee, currently £600, a company is able to apply annually for exempt status for Guernsey tax purposes. A company that has exempt status for Guernsey tax purposes is not considered resident for Guernsey income tax purposes. A company that is exempt from tax in Guernsey is exempt on both bank deposit interest and any income that does not have its source in Guernsey.

Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

Under the Tax Law if a Guernsey resident shareholder owns more than 1% of the issued shares in a company and the company has undistributed income, that income can be deemed to have been distributed to the beneficial owner of the shares in prescribed circumstances (such as a sale/redemption of the shares), including the receipt of investment income. In such cases the income is taxable on the Guernsey resident shareholder as a deemed distribution as if it had been paid to that shareholder net of income tax. The company itself then has the obligation to account for and pay the tax on the deemed distribution to the Guernsey Income Tax Office.

In circumstances where the income of a Company has been taxed at a rate of at least 20%, there is no requirement to deduct tax on deemed or actual distributions to Guernsey resident shareholders. As the Company will be investing in Guernsey, Jersey or UK property then tax will be payable in each jurisdiction at 20% and so there will be no requirement to deduct any tax.

If the Company is not granted exempt status then dividends to Shareholders who are not resident in Guernsey will not be subject to withholding tax.

Representations have been made to the Treasury and Resources Department to dis-apply relevant sections of the Tax Law in relation to companies traded on a recognised investment exchange and potentially for other Guernsey regulated collective investment schemes which may be publically traded.

In keeping with its ongoing commitment to meeting International Standards, the States of Guernsey is currently undertaking a review of its tax regime and in particular the taxation of corporate entities with a view to implementing any required revisions to the regime at some point after the review. At this point in time, the key features and timetable for implementation of any revised regime have yet to be determined.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including possibly the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time.

No stamp duty is chargeable in Guernsey on the issues, transfer, switching or redemption of shares in the Company.

11.2 EU Savings Tax Directive

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. The Company will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorised in accordance with EC Directive 85/611/EEC of the Council for the

purposes of the application in Guernsey of the bilateral agreements on the taxation of savings income entered into by Guernsey with EU Member States. Consequently, in accordance with current States of Guernsey guidance on the application of the bilateral agreements, where the Company's paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not be required to retain tax from, or exchange information regarding, distributions made by the Company and/or the proceeds of the sale, refund or redemption of Ordinary Shares. Amendments to the EU Savings Tax Directive are currently being considered and it is possible that Guernsey will introduce equivalent measures. This could lead to changes that may affect the Company.

11.3 The Shareholders

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

Jersey Shareholders

Individual Shareholders who are resident for tax purposes in Jersey will be liable to income tax, at the individual standard rate of 20 per cent. on the amount of dividends (if any) payable in respect of Shares held by them or on their behalf, unless the dividend is paid out of capital profits.

Corporate shareholders who are resident for tax purposes in Jersey will be liable to income tax at their relevant rate on the amount of dividends (if any) payable in respect of Shares held by them or on their behalf, unless the dividend is paid out of capital profits. The relevant rate is 0 per cent. for companies that do not undertake certain regulated financial services or the provision of utilities. For companies which are financial services companies as defined by Article 3 of the Income Tax (Jersey) Law 1961 as amended, the relevant rate is 10 per cent. For companies which undertake the provision of utilities as defined in Article 123C of the aforementioned Law the relevant rate is 20 per cent.

No Jersey tax is payable on gains arising on the sale or redemption of the Company's shares by a Jersey resident, unless the person is carrying on a trade of dealing in shares.

The attention of the Shareholders is drawn to the general anti-avoidance provision in Jersey tax legislation which allows the Comptroller of Taxes to challenge any arrangement where he feels there was an attempt to avoid or reduce tax.

United Kingdom Shareholders

The taxation of Shareholders depends on their circumstances and the following comments are intended as a general guide and may not necessarily apply once a Shareholder's specific circumstances are taken into account.

- (a) UK resident individual Shareholders who receive a dividend are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit (the "**Gross Dividend**"), the amount of the tax credit being 10 per cent. of the sum of the dividend and the tax credit (i.e. the tax credit will be one ninth of the Gross Dividend excluding the tax credit). The tax credit will effectively satisfy a UK resident individual shareholder's dividend ordinary rate income tax liability in respect of the Gross Dividend. UK resident individual Shareholders who are subject to tax at the higher rate will have to account for additional tax. A UK resident individual shareholder who is liable to income tax at the higher rate will be liable to tax on the Gross Dividend rate of 32.5 per cent. A UK resident individual Shareholder who is liable to tax at the new 'additional' rate will be liable to tax on the Gross Dividend at the rate of 42.5 per cent. The Gross Dividend will be regarded as the top slice of the shareholder's income. After taking into account the 10 per

cent. tax credit, a higher rate tax payer will have to account for additional tax equal to 22.5 per cent. of the Gross Dividend (which is also equal to 25 per cent. of the net cash dividend received). An individual paying 'additional' rate income tax will have to account, after taking into account the 10 per cent. tax credit, for tax equal to 32.5 per cent. of the Gross Dividend (which is also equal to approximately 36 per cent. of the net cash dividend received).

- (b) A UK resident (for tax purposes) corporate Shareholder will not be subject to UK corporation tax on dividends paid by the Company, provided that the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009.
- (c) The Directors do not intend for the Company to fall within the UK offshore fund rules in the Taxation (International And Other Provisions) Act 2010 and do not intend to apply for reporting fund status. The Directors will continue to consider the UK offshore fund rules and their application to the Company.

The current rate of UK Capital Gains Tax is 18 per cent. for individuals, trustees and personal representatives who pay tax at the basic rate and 28 per cent. for those who pay tax at the higher and additional rate. Chargeable gains for UK corporate shareholders will be taxed at their rate of corporation tax which is up to 28 per cent. These rates were introduced in the Emergency Budget on 22 June 2010 and have effect for chargeable gains made after 23 June 2010.

- (d) The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("section 13"). Section 13 could be material to any such person who has an interest in the Company as a "participator" for United Kingdom taxation purposes (which includes an investor) at a time when any gain accrues to the Company or a subsidiary which constitutes a chargeable gain for those purposes if, at the time the Company is controlled by five or fewer persons so that, if the Company were resident in the United Kingdom for taxation purposes, it would be a "close company" for those purposes. In determining whether the Company is controlled by five or fewer persons, the interests of "connected" persons are aggregated and counted as those of one person. Generally, if the Company is a "close company", its capital gains are apportioned among the participators in the Company and taxed in their hands if they are United Kingdom taxpayers. There is an exception for any person that does not have a greater than 10 per cent. interest in the Company. The provisions of section 13 could, if applied, result in any such person who is a "participator" in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company or a subsidiary had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company as a "participator".
- (e) Individual Shareholders who are resident or ordinarily resident in the United Kingdom should consider the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 which can make such individuals liable to tax on the income of the Company (before any deduction for interest) in certain circumstances.
- (f) A corporate Shareholder who is resident in the United Kingdom and who, together with connected investors, is entitled to at least 25 per cent. of the share capital of the Company should consider the provisions of the controlled foreign companies legislation in sections 747 to 756 income and corporation of the Taxes Act 1988.

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

No United Kingdom stamp duty or SDRT will be due on the issue or transfer of any Ordinary Shares provided the register of the Company is located outside the UK.

No stamp duties are payable in Jersey or Guernsey on the acquisition, ownership, exchange, sale or other disposition inter vivos of shares. Stamp duty of up to 0.75% is payable on the grant of probate or letters of administration in Jersey or Guernsey in respect of a deceased individual (i) who died domiciled in Jersey or Guernsey, on the value of the entire estate (including any shares) and (ii) otherwise, on the value of so much of the estate (including any shares), if any, as is situated in Jersey or Guernsey. The shares on the Company will not be viewed as being situated in Jersey or Guernsey.

11.4 The Shareholders

As stated above, the Company will be an exempt closed ended investment vehicle for Guernsey tax purposes. As a consequence, any shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will suffer no deduction of tax by the Company from any dividends payable by the Company but the Director will provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Director of Income Tax in Guernsey. Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of any Shares owned by them. Shareholders who are residents for tax purposes in Guernsey, Alderney or Herm will be taxed personally on any actual distributions made to them by the Company.

12. Material contracts and related party transactions

12.1 Material Contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company within the two years immediately preceding the date of publication of this document and which are, or may be, material to the Company or have been entered into by the Company at any time and contain a provision under which any member of the Company has any obligation or entitlement which is material to the Company at the date of this document:-

- (1) the Placing Agreement, as described more fully in paragraph 10.1 above; and
- (2) The Investment Management Agreement dated 26 October 2010 between the Company and the Manager whereby the Manager agrees to be responsible for sourcing, evaluating, negotiating, completing, monitoring and managing investments on behalf of the Company.

The Manager will receive an annual fee and may receive a performance fee dependent upon performance as described in paragraph 4 of Part II of this document. The manager will also receive an acquisition fee which will not exceed 1.5 per cent. of the purchase price of each Investment upon completion of such purchase.

Subject to this restriction and to the conflict management arrangements described in paragraph 7 of Part II:-

- the services of the Manager under the Investment Management Agreement are not exclusive and the Manager is free to render similar services to others; and
- the Manager and each Interested Party is free to enter into other fund management arrangements or be concerned or otherwise interested in any entity entering into other fund management arrangements.

The Investment Management Agreement may be terminated by either party giving to the other not less than 3 months' written notice not to be given before the expiry of an initial term of 3 years, or otherwise in circumstances where, amongst other things, there is a commencement of a winding-up of one of the parties or any other similar event of insolvency or if the other party is in material breach of the Investment Management Agreement.

The Company may terminate the agreement with immediate effect at any time after the second anniversary of Admission by giving notice in writing to the Investment Manager in the event there has been material poor performance of the Company's investments resulting in a decline of the net asset value of the Company to less than 50 per cent. of the Company's initial net asset value.

The Manager has entered into an agreement with the Investment Consultant as set out in sub-paragraph (6) below.

- (4) The Administration and Secretarial Agreement dated 26 October 2010 between the Company and the Administrator where by the Administrator has been appointed to provide day to day administration, registrar and secretarial services to the Company. In consideration for its services under this agreement and for acting as Registrar, the Administrator will receive an annual administration fee of £36,000 (providing only one investment is held), this rises to £50,000 if there are two investment properties and £60,000 if there are three or more investment properties. There is an additional fixed fee, payable quarterly in arrears, of £8,000 for each investment purchased per annum once the Company acquires more than three investments. The Administration Agreement is terminable by either party giving not less than three (3) month's notice in writing and in certain other circumstances, including material breach of the terms of the agreement by either party. The Administration and Secretarial Agreement may not be terminated in writing within six (6) months of Admission.

The Administrative and Secretarial Agreement contains certain provisions limiting the liability of the Administrator for any loss or damage, suffered or incurred by the Company arising out of or in connection with the Administrator's duties under the Administration and Secretarial Agreement save where such losses arise from bad faith, negligence, wilful default or fraud on the part of the Administrator.

- (5) The Offer Document as described more fully in paragraph 10.2 above.
- (6) The Manager has entered into an agreement with the Investment Consultant under the Investment Consultant Services Agreement for the provision of services to the Manager. The Investment Consultant Service Agreement is terminable in the same circumstances as the Investment Management Agreement. In consideration for the provision of the services the Investment Consultant will receive (a) a maximum of £200,000 following completion of the acquisition of the Property Company; (b) at the Manager's discretion a percentage of the acquisition fee payable to the Manager under the Investment Management Agreement; (c) at the Manager's discretion an amount equal to 30 per cent. of the management fee payable to the Manager under the Investment Management Agreement and (d) at the Manager's discretion an amount equal to 30 per cent. of the performance fee payable to the Manager under the Investment Management Agreement.

12.1 Material Contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Property Company and the Property Subsidiary (as the case may be) within the two years immediately preceding the date of publication of this document and which are, or may be, material to the Property Company and the Property Subsidiary or have been entered into by the Property Company and the Property Subsidiary at any time and contain a provision under which any member of the Property Company and the Property Subsidiary has any obligation or entitlement which is material to the Property Company and the Property Subsidiary at the date of this document:-

- (1) The Property Company entered into an investment agreement with the Vendors on the 7 December 2007. The agreement governs the relationship

between the Vendors and the operation of the Property Company including the initial allotment of Equity Shares, Mezzanine Shares, Equity Loan Notes and Mezzanine Loan Notes. The investment agreement sets out specific mechanisms which are to apply on the sale, listing or winding up of the Property Company provided that a majority of the holders of Equity Shares and Mezzanine Shares vote in favour of the same. The agreement will be terminated on the date the Offer becomes unconditional in all respects.

- (2) On 7 December 2007, the Property Company entered into an option agreement with Hotbed. The option agreement grants Hotbed the right to subscribe for an agreed number of shares, on a change of control or winding up of the Property Company, calculated against a target in respect of the return received by the holders of the Equity Shares, Mezzanine Shares and the Equity Loan Notes. The agreement will be terminated on the date the Offer becomes unconditional in all respects.
- (3) On 7 December 2007, the Property Subsidiary entered into a property consultancy agreement with Hotbed Limited. Hotbed Limited was appointed as an adviser in respect of the Initial Property. The agreement can be terminated by Hotbed Limited on three month's written notice to expire on a quarter day. The agreement may also be directly terminated where either party commits a breach of the agreement capable of remedy and fails to do so within thirty days of written notice from the party not in breach. The agreement may also be terminated if a party is declared insolvent or a receiver takes possession of its assets or an order is made or a resolution passed for such parties winding up. The agreement will be terminated on the date the Offer becomes unconditional in all respects.
- (4) On 7 December 2007, the Property Company constituted the Mezzanine Loan Note Instrument. The Mezzanine Loan Notes provide for an interest rate of 10 per cent. gross per annum. The interest is compounded annually on the anniversary of the creation of the instrument. The notes are to be repaid on the 31 December 2011. The Property Company is entitled, upon giving not less than 7 days prior written notice in writing to the note holders to redeem at any time the whole or any part of the notes, subject to a minimum of £5,000. When the Mezzanine Loan Notes are redeemed the holders are entitled to receive the principal amount and any interest outstanding. The notes are immediately redeemable at par on the occurrence of, inter alia, the Property Company ceasing to carry on its business or a substantial part thereof, the Property Company or the Property Subsidiary being found to be insolvent or unable to pay its debts or on a change of control of the Property Company.
- (5) On 7 December 2007, the Property Company constituted the Equity Loan Note Instrument. The Mezzanine Loan Notes rank in priority to the Equity Loan Notes. No interest is payable on the Equity Loan Notes. The notes are to be repaid on the 31 December 2022. The Property Company is entitled, upon giving not less than 7 days prior written notice in writing to the note holders to redeem at any time the whole or any part of the notes, subject to a minimum of £5,000. The notes are immediately redeemable at par on the occurrence of, inter alia, the Property Company ceasing to carry on its business or a substantial part thereof, the Property Company or the Property Subsidiary being found to be insolvent or unable to pay its debts or a change of control of the Property Company.
- (6) On 28 December 2005, the Property Subsidiary entered into a credit facility with Credit Suisse. The facility agreement was amended and restated on 6 July 2006 and further amended on the 7 December 2007. Under the terms of the facility agreement, Credit Suisse made available to the Property Subsidiary a term loan facility. The amount of the facility was £29,552,500. The term loan was advanced in two tranches. The first tranche was £29,000,000 and the sole purpose of this tranche was to fund the acquisition of the Initial Property. The second tranche was £552,500 which was advanced on or about 6 July 2006. The purpose of the second tranche was

to help finance the cost of the fit out of ground floor space at the Initial Property. The facility agreement provides that if there is a change of control of the Property Subsidiary, Credit Suisse may declare the facility immediately repayable. The Property Subsidiary is allowed by giving not less than 30 business days prior notice, to prepay the facility in whole or in part (subject to a minimum of £5 million and integral multiples of £1 million) on the last day of the then current interest period. On 31 July 2006, Credit Suisse novated all of its rights as lender under the facility agreement to Cornerstone Titan 2006-1 Plc.

12.3 Related party transactions

Jon Ravenscroft is a director and chief executive of Cenkos Channel Islands Limited.

12.4 Commissions, discounts, brokerages or other special terms

Save as disclosed in this document, there have been no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital in the Company in the two (2) years preceding the date of this document.

13. **Mandatory Takeover Bids and Squeeze-Out/Sellout Provisions**

13.1 Mandatory takeover bids

The City Code applies to all takeover and merger transactions in relation to the Company.

The Panel on Takeovers and Mergers is an independent body, whose main functions are to issue and administer the City Code and to supervise and regulate takeovers and other matters to which the City Code applies in accordance with the rules set out in the City Code. The City Code is designed principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The City Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

Under Rule 9 of the City Code, any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting right of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interests in shares of the company during the twelve (12) months prior to the announcement of the offer.

In the event that the place of central management and control of the Company were to be determined by the Panel on Takeovers and Mergers to no longer be within the Channel Islands, and the central management and control of the Company were determined not to be in the UK or in the Isle of Man, the City Code would cease to apply to the Company and Shareholders would cease to be protected by the City Code.

There are not in existence any current mandatory takeover bids in relation to the Company.

13.2 Squeeze-out

Part XVIII of the Law provides that if an offer is made for the shares or any class of shares in the capital of the Company and if, within certain time limits, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected then the offeror may, again within certain time limits, acquire any remaining shares to which the offer relates. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders informing them that it wishes to acquire their shares (an “**Acquisition Notice**”). Where an Acquisition Notice is served, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected, was made.

14. Working Capital

The Directors are of the opinion that, after taking into account the proceeds of the Placing and the financial facilities available, the Group has sufficient working capital for its present requirements, that is, for at least the period of 12 months from the date of this document.

15. Litigation and arbitration

The Company is not or has not been involved in any legal or arbitration proceedings which may have, or have had during the twelve (12) months preceding the date of this document, a significant effect on the Company’s financial position or profitability, nor are there any such proceedings pending or threatened against any member of the Company of which the Company is aware.

16. General

16.1 The total costs and expenses including commissions relating to Admission and Placing are approximately £750,000 and is payable by the Company. The estimated net cash proceeds accruing to the Company from the Placing of the Ordinary Shares is £47,750,000 (assuming that the maximum number of Ordinary Shares are issued by the Company as part of the Placing).

16.2 Legis Fund Services Limited has, on the date hereof, given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included. Legis Fund Services Limited has no Ordinary Shares in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for Ordinary Shares in the Company.

16.3 Cenkos Channel Islands Limited has, on the date hereof, given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included. Save for the Subscriber Share Cenkos Channel Islands Limited has no Ordinary Shares in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for Ordinary Shares in the Company.

16.4 Montague Evans LLP has, on the date hereof, given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which it is included. Montague Evans LLP has no Ordinary Shares in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for Ordinary Shares in the Company.

16.5 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.

16.6 The Placing Price is payable in full in cash on acceptance or in respect of holders of Equity Investors Shares, Equity Investor Loan Notes, Mezzanine Investor Shares and Mezzanine Investor Loan Notes in accordance with the terms set out in the Offer Document.

- 16.7 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made or refused nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 16.8 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 16.9 The Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.
- 16.10 Save as disclosed in the Placing arrangements there has been no significant change in the trading or financial position of the Company since its incorporation and no financial statements have been made up at the date of this document.
- 16.11 Save as disclosed in this document, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document and trade suppliers) in the twelve (12) months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (1) fees totalling ten thousand pounds (£10,000) or more;
 - (2) securities in the Company with a value of ten thousand pounds (£10,000) or more calculated by reference to the Placing Price; or
 - (3) any other benefit with a value of ten thousand pounds (£10,000) or more at the date of Admission.
- 16.12 Subject to the terms of the Offer Document, the Placing Price is payable in full in cash on acceptance. Monies received from applicants pursuant to the Placing will be held in a client account maintained by the Registrar until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31 December 2010 (or such later date as the Manager and the Company may agree), application monies will be returned to applicants at their own risk without interest.
- 16.13 The Company has not had any employees since its incorporation and, as at the date of this document, save in respect of Regency the Company does not have any subsidiaries.
- 16.14 The Manager is the promoter of the Company. Save as disclosed in paragraph 11 above, no amounts of cash, securities or other benefits have been paid or given to the promoter or any of its subsidiaries since the incorporation of the Company and none are intended to be paid or given.
- 16.15 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17. Unaudited balance sheet

The following table comprises an unaudited opening balance sheet of the Company as at 26 October 2010:

	£
<u>Current Assets</u>	
Subscription	1

Equity

Share capital (1 ordinary share of no par value)	1

	1
	=====

18. Documents on display

Copies of the following documents will be available for inspection at the offices of Legis Fund Services Limited at 1 Le Marchant Street, St. Peter Port, Guernsey GY1 4HP during normal business hours on any week day (except Saturdays, Sundays and public holidays in Guernsey) until 1 December 2010.

- the Memorandum and Articles of Incorporation of the Company;
- this document;
- the material contracts referred to in paragraph 12 above;
- the written consents referred to in paragraph 16 above;
- the Montague Evans LLP Valuation Report; and
- the Offer Document.

Dated: 26 October 2010

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Admission”	the admission of the Ordinary Shares to trading on the Official List effective in accordance with the CISX Rules;
“AIM”	AIM, a market operated by the London Stock Exchange;
“Articles”	the articles of incorporation of the Company to be adopted prior to Admission, details of which are set out in paragraph 4 of Part VII of this document;
“Audit Committee”	means the committee consisting of Peter Tom, Paul Bell and Shelagh Mason which will be responsible for, inter alia, reviewing and monitoring internal financial control systems and risk management systems and reviewing annually the independence, objectivity, effectiveness and qualifications of the auditor of the Company;
“Bailiwicks” or “Channel Islands”	means the Bailiwicks of Jersey and Guernsey;
“Board” or “Directors”	the directors of the Company whose names are set out on page 3 of this document;
“Business Day”	means any day on which banks in Guernsey are open for normal banking business excluding Saturdays, Sundays and Public Holidays in Guernsey;
“C Shares”	means the shares of no par value in the capital of the Company issued and designated as C Class shares of whatever tranche and having the rights described in the Articles;
“CISX”	The Channel Islands Stock Exchange, LBG;
“City Code”	The City Code of Takeover and Mergers issued by the Panel of Takeover and Mergers in the United Kingdom and, from time to time, any successor or replacement body thereof;
“Company”	Channel Islands Property Fund Limited, an authorised closed-ended investment company incorporated with limited liability under the laws of Guernsey with registered company number 52324;
“Connected Party Transaction”	a transaction between the Company and a connected person (within the meaning of the CISX Rules) including any member of the Investment Committee and terms “Connected Party Transactions” , “Connected Transactions” , “Connected Transaction Rules” , “Connected Party” and “Connected Parties” shall be construed accordingly;
“CREST Guernsey Requirements”	Rule 8 of the CREST Rules and such other of the rules and requirements of EUI as may be applicable to issuers as from time to time specified in the CREST manual;
“CREST UK system”	the facilities and procedures for the time being of the relevant system of which EUI has been approved as operator pursuant to the UK regulations;
“Equity Investor Shares”	means the 1,100,000 ordinary shares of 1p each in the issued share capital of the Property Company subscribed by holders of the Equity Loan Notes pursuant to an investment agreement

dated 7 December 2007 and made between the Investors (as defined therein) (1) and the Property Company (2) and the term "Equity Investor Share" shall be construed accordingly.

"Equity Loan Notes"	the £5,489,000 unsecured B loan notes due 2022 issued by the Property Company pursuant to the Equity Loan Note Instrument and the term "Equity Loan Note" shall be construed accordingly;
"Equity Loan Note Instrument"	the loan note instrument dated 7 December 2007 constituting the Equity Loan Notes;
"Equity Unit"	original units of £25,000 each in the Property Company comprising 5,000 Equity Investor Shares and £24,950 Equity Loan Notes;
"EUI"	Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) incorporated in England and Wales under company number 2878738 and whose registered office is at 33 Cannon Street, London, EC4M 5SB;
"Facility"	means the bank facility to be entered into between the Company (1) and HSBC Bank plc (2) in the amount of £21,000,000;
"FSMA"	means the UK Financial Services and Markets Act 2000;
"GFSC"	the Guernsey Financial Services Commission;
"Gross Asset Value"	means the gross asset value of the Company being all the cash held by the Company and the fair market value of any and all other investments of the Company calculated by the Administrator;
"Group"	means the Company and following completion of the Offer, shall include the Property Company and the Property Subsidiary.
"Initial Property"	The property owned by the Property Subsidiary which is to be acquired by the Company by the acquisition of the Property Company from the Vendors immediately after Admission, as more fully described in Part V of this document;
"Interested Party"	any Company within Cenkos Channel Islands Limited's group;
"Investment"	means any investment or other asset of the Company of any description, the acquisition of which is authorised under the Investment Policy or otherwise in accordance with the Investment Process;
"Investment Consultant"	Riverside Capital Group Limited a company registered in England and Wales with company number 07328624;
"Investment Consultant Service Agreement"	means the agreement between the Manager (1) and the Investment Consultant (2) dated 26 October 2010;
"Investment Management Agreement"	means the agreement between the Company (1) and the Manager (2) dated 26 October 2010;
"IRR"	means the internal rate of return expressed as a percentage, being the annual compound discount rate which, when applied to a relevant series of cash flows result in a net present value of zero;
"Law"	means The Companies (Guernsey) Law, 2008 as amended,

	extended or replaced and any ordinance, statutory instrument or regulation made thereunder;
“Listing Rules”	the listing rules of the CISX (as amended and replaced from time to time);
“London Stock Exchange”	London Stock Exchange plc;
“Manager”	Cenkos Channel Islands Limited registered with company number 42906;
“Management Engagement Committee”	means the committee consisting of Peter Tom, Paul Bell and Shelagh Mason which will be responsible for, inter alia, reviewing the performance of the Manager and the Manager’s and the Company’s compliance with the Investment Management Agreement and to recommend any action to be taken by the Company under such terms;
“Member”	means a Shareholder and any person entitled to be a Shareholder on the death, disability or insolvency of a Shareholder and the term “Members” shall be construed accordingly;
“Mezzanine Investor Shares”	the 28,200 Regency Shares subscribed by holders of the Mezzanine Loan Notes pursuant to an investment agreement dated 7 December 2007 made between (1) the Investors (as defined therein) and (2) the Property Company;
“Mezzanine Loan Notes”	the £2,500,000 unsecured A Loan Notes 2011 issued by the Property Company pursuant to the Mezzanine Loan Note Instrument and representing the original debt finance in the Property Company and the term “Mezzanine Loan Note” shall be construed accordingly;
“Mezzanine Loan Note Instrument”	the loan note instrument dated 7 December 2007 constituting the Mezzanine Loan Notes;
“NAV” or “NAV per Ordinary Share”	respectively the net asset value of the Company and the net asset value of an Ordinary Share calculated in accordance with the investment valuation policy and the accounting policies of the Company from time to time;
“Net Proceeds”	the Placing Proceeds (after deduction of all expenses and commissions relating to the Placing and Admission payable by the Company);
“Offer”	means the offer made by the Company through Regency, to acquire the Equity Investee Shares, the Mezzanine Investee Shares, the Equity Notes and the Mezzanine Loan Notes;
“Official List”	the official list of the CISX;
“Offer Document”	the offer document setting out the terms of the acquisition of the Equity Investor Shares, The Mezzanine Investor Shares, the Equity Loan Notes and Mezzanine Loan Notes;
“Ordinary Shares”	ordinary shares of no par value each in the share capital of the Company;
“Placing”	the placing of the Placing Shares by Cenkos Channel Islands Limited, at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the agreement dated 26 October 2010 between the Company

(1) and Manager (2), further details of which are set out in paragraph 10 of Part VII of the document;

“Placing Price”	100 pence per Ordinary Share;
“Placing Proceeds”	the aggregate cash proceeds of the Placing;
“Placing Shares”	up to 50,000,000 Ordinary Shares to be allotted pursuant to the Placing;
“POI Law”	The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended;
“Property Company”	means Regency Court Property Limited a company registered in Guernsey with company number: 48004;
“Property Portfolio”	the direct and indirect property assets of the Company from time to time;
“Property Subsidiary”	Blueclouds Property Limited a company registered in Guernsey with company number: 48792;
“Regency”	means Regency 1 Limited a company registered in Guernsey with company number: 52408;
“Regency Shares”	means ordinary shares of 1p each in the capital of the Property Company.
“Register”	the register of Members of the Company kept pursuant to the Law;
“Reporting Accountants”	KPMG Channel Islands of 20 New Street, St. Peter Port, Guernsey, GY1 4AN;
“Restricted Jurisdiction”	any of the following territories: Australia, Canada, Japan, United States and Republic of South Africa;
“Shareholders”	registered holders of Ordinary Shares and the term “Shareholder” shall be construed accordingly;
“subsidiary”	as defined in the Law;
“Subscriber”	Cenkos Channel Islands Nominee Company Limited;
“Tax Law”	means the Income Tax (Guernsey) Law 1975 (as amended);
“UKLA”	means the Financial Services Authority acting in its capacity as the competent authority for Part VI of the FSMA;
“UK regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755), as amended by the Uncertificated Securities (Amendment) (Eligible Debt Securities) Regulations 2003 (SI 2003 No.1633), and such other regulations made under S.207 of the Companies Act 1989 as amended or replaced, as are applicable to EUI and/or the CREST relevant system and are from time to time in force; and
“Valuation Point”	means the time on such day or days as the Board shall determine from time to time for the purpose of ascertaining the value of the assets of the Company, currently anticipated to be the last Business Day of each calendar quarter ending in January, April, July and October of each year; and
“Vendors”	means the shareholders in the Property Company who are the

recipients of the Offer Document.