

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 Bailiwick Investments Limited (the "Company"). The directors of the Company (the "Directors"), whose names appear on page 3 of this document, accept full responsibility for the information contained in this 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 million 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 15 December 2008.

BAILIWICK INVESTMENTS LIMITED

(a closed-ended investment company incorporated with limited liability under The Companies (Guernsey), Law 2008 with registered number 49479)

PLACING OF UP TO 50 MILLION ORDINARY SHARES

(At 100 pence per Ordinary Share)

AND

**LISTING ON THE OFFICIAL LIST OF
THE CHANNEL ISLANDS STOCK EXCHANGE LBG**

SPONSORS TO THE CISX LISTING

OZANNES SECURITIES LIMITED

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

The Company is a closed-ended investment scheme authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Neither the States of Guernsey Policy Council nor the Guernsey Financial Services Commission take any responsibility for the financial soundness of the Company as a collective investment scheme 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 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 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 Bordeaux Services (Guernsey) Limited at P.O. Box 466, Bordeaux Court, Les Echelons, St. Peter Port, Guernsey, GY1 6AW for one month from the date of Admission.

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DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	David Lowe (Non-executive Chairman) John Henwood (Non-executive Director) Mel Carvill (Non-executive Director)
Registered Office	P.O. Box 466 Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW
Legal Advisers	Ozannes Advocates and Notaries Public P.O. Box 186 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Auditors and Reporting Accountants	Grant Thornton Limited Anson Court La Route des Camps St. Martin Guernsey GY1 3TF
Administrator/Registrars/Custodian	Bordeaux Services (Guernsey) Limited P.O. Box 466 Bordeaux Court Les Echelons St. Peter Port Guernsey GY1 6AW
Bankers	HSBC Bank plc P.O. Box 31 13 High Street St. Peter Port Guernsey GY1 3AT
Listing Sponsors	Ozannes Securities Limited 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Property Valuers	C. B. Richard Ellis Limited 45 Century Buildings The Esplanade St. Helier Jersey JE2 3AD Montagu Evans LLP Clarges House 6-12 Clarges Street London W1J 8HB

Manager

Cenkos Channel Islands Investment Management
Limited
P.O. Box 222
16 New Street
St. Peter Port
Guernsey
GY1 4JG

PLACING STATISTICS

Placing Price per Ordinary Share	100p
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	£48.29 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Offer period	5 December 2008 to 12 December 2008
Admission and commencement of dealings in Ordinary Shares	15 December 2008
Issue and despatch of definitive share certificates	by 2 January 2009

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

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

Bailiwick Investments Limited is a new Guernsey authorised closed-ended investment company incorporated under The Companies (Guernsey), Law 2008 on 22 September 2008 with registration number 49479. The Company has an indefinite life. Cenkos Channel Islands Investment Management Limited will act as the Company's investment manager on the terms set out in this document.

There is no fixed period within which the Company is required to make investments or return funds to shareholders.

An Investment Committee comprising Messrs Thomas Hays Scott, Thomas Richard Scott, Peter Tom and Jonathan Ravenscroft (whose details appear on page 20-21) has been formed by the Manager to provide dedicated investment expertise to the Company and to conduct and exercise the Manager's responsibilities under the Investment Management Agreement on its behalf to the Company.

2. Investment Objective and Policy

The Company has been established with the objective of attaining long term capital growth by investment in a diversified portfolio of investments principally in businesses, property and assets situate, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals, resident in the Channel Islands, there is a material Channel Islands interest.

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 may be made within a period of 3 years from Admission without Shareholder approval. The Company may invest in unquoted stocks and private companies. Companies in which the Company is expected to invest are also likely to typically have one or more of the following attributes:-

- (i) a requirement to increase the scale of its operations;
- (ii) a need to replace a retiring owner-manager, or early stage investors;
- (iii) a need to change strategy and invest to make it an attractive sale or flotation prospect;
- (iv) a need to make a strategic acquisition or some other transformation to make it an attractive sale or flotation prospect.

Typically, the funds invested are expected to be used by investee companies to meet working capital requirements and to finance capital expenditure in order to facilitate the expansion of the businesses by acquisition or through organic growth. Businesses in which the Company is to invest should ideally, in the opinion of the Manager, be capable of achieving a realisation ultimately either through a sale or by listing of their shares on a stock exchange.

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

3. The Initial Property Portfolio

The Company has agreed with the Vendor to acquire (via the acquisition of the entire issued share capital of the Property Companies), the Initial Property Portfolio, for an aggregate consideration of £24 million. The Initial Property Portfolio currently generates a current annual rent of £1,339,092.

The properties comprised in the Initial Property Portfolio have between 14 and 23 years unexpired lease terms and the rent review provisions in all occupational leases of the Properties are upwards only.

The Initial Property Portfolio will be acquired by the Company conditional on Admission. The consideration will be satisfied by the issue to Jester 1 Limited (a Jersey company) at the Placing Price of 4 million Ordinary Shares and a cash payment of £20 million to the Vendor.

The Initial Yield on the Property Portfolio after costs of acquisition is approximately 5.61 per cent.

The Vendor has been treated as a Connected Party of the Company for the purposes of the acquisition and accordingly two independent valuations have been obtained for the properties details of which appear in Part VI.

4. Investment Restrictions

It is the Company's intention to use the Net Proceeds to build a diversified portfolio of investments. It is intended that not less than 50 per cent. in value of the Net Proceeds (or such lower or higher percentage as the Board may from time to time determine) should be invested in businesses or assets situate, registered or headquartered in the Bailiwicks.

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 (other than in respect of the Initial Property Portfolio) no more than 25 per cent. of the Company's NAV may be committed to any single investment, or more than 25 per cent. of the Company's NAV in investments considered by the Board to be "special situations" (such as in companies that are already listed) in each case at the time of investment (or commitment). Such limits may be increased up to 60 per cent. if in a specific case the Board should consider it appropriate to do so.

5. Investment Process

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

The Investment Committee will have full access to the resources of the Manager in its conduct of the Manager's responsibilities to the Company and in implementing investment decisions of the Board.

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

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

The Manager, through the Investment Committee, has discretion to make and implement investment decisions without prior reference to the Board where the proposed investment transaction:-

- (i) is in accordance with the investment policies, objectives and restrictions determined by the Company from time to time;
- (ii) represent less than 5 per cent. of the Company's NAV at the time of acquisition/disposal;
- (iii) is not a Connected Party Transaction;
- (iv) complies with any other guidelines set down by the Board from time to time.

In all other cases, transactions may only proceed with the approval of the Board.

Transactions determined by the Investment Committee under its delegated authority from the Board during any quarter will be the subject of a detailed report to the Board by the Manager in its report to the Board for that quarter.

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 disposal policy and for implementing disposals determined by the Board.

The Investment Committee has been established by the Manager to provide dedicated advice and recommendations and investment management services to the Company.

The Investment Committee consists of Thomas H. Scott, Thomas R. Scott, Peter Tom and Jonathan Ravenscroft.

7. Fees

The Manager will be paid an annual management fee under the Investment Management Agreement, of 1.5 per cent. of the Adjusted Closing NAV (excluding cash and property investments), 1 per cent. on property investments and 0.50 per cent. of the cash and near cash investments held by the Company. This fee will be paid quarterly in advance.

The Manager may also become entitled to a performance fee in certain circumstances. The performance fee is calculated by taking an amount equal to 20 per cent. of the amount by which, at the end of any accounting period, the Adjusted Closing NAV per Ordinary Share exceeds the greater of:-

- (i) the Hurdle NAV per Ordinary Share; and
- (ii) the High Watermark,

and multiplying such amount by the total number of Ordinary Shares in issue for the relevant performance period. If new shares are issued in any performance period any performance fee for such period will be calculated on a time apportioned basis based on the NAV of Ordinary Shares in issue and the issue price of each new share issued in such period.

The performance fee is payable annually in arrears at completion of the audit of the financial statements of the Company at the end of each relevant accounting period. The first relevant accounting period begins on Admission and ends on 31 October 2009. Each subsequent accounting period is a period of one financial year. No

performance fee becomes payable unless the Hurdle NAV per Ordinary Share of 2 per cent. per annum over the Bank of England base rate is exceeded for the relevant period.

The Manager is responsible for the payment of all fees and charges of the Investment Committee out of its placing, management and performance fees.

8. The Placing

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

The Placing is intended to raise up to £50 million before expenses. The cash expenses of the Placing are estimated to amount to not more than 4 per cent per cent. of Placing Proceeds which includes a placing fee of 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 £25 million. 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.

9. Dividend Policy

The Directors intend that returns should be generated for Shareholders primarily through capital appreciation of their investment.

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.

Thereafter the Directors intend to adopt a distribution policy for the Company commensurate with and appropriate to the make-up of its investment portfolio and investment policy from time to time.

10. Purchase of Ordinary Shares by the Company

Conditional upon Admission, 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

The Company may borrow funds and if required secured on its investments. Borrowings may not exceed 50 per cent. (or such other percentage as may be determined in accordance with investment guidelines determined for the Manager by the Board from time to time) of the Company's last announced NAV at the time of draw down of such borrowings without approval of the Board.

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 2009 and it is expected that copies will be sent to Shareholders no later than the following 30 April 2010. 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 and published bi-annually with the Company's yearly and interim reports and statements and will be notified to the CISX as soon as practicable after calculation.

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.

While investments in unquoted companies may offer the opportunity for capital gains, such investments also involve a high degree of business and financial risk. There can be no guarantee that the carrying value of the Company's investments would be realisable in the event of their sale.

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.

Current contraction of the finance industry and 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).

PART I

INFORMATION ON THE COMPANY

1. Background Jersey and Guernsey

The Channel Islands are a group of islands that sit in the bay of St. Malo off the coast of Normandy, France. The Islands consist of two Bailiwicks: the Bailiwick of Jersey and the Bailiwick of Guernsey which also includes a number of smaller islands; Alderney, Sark, Herm, Jethou, Brecqhou and Lihou.

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.

The Islands do not make up part of the United Kingdom and they have no representation in Parliament at Westminster nor are they member states of the European Union or part of the UK member state. However, some aspects of the European Treaty do apply and these are described in Protocol 3. The United Kingdom, however, is responsible for the Islands' international relations and for their defence.

The Islands are internally self-supporting and neither receives subsidies from, nor pays tax contributions to, the United Kingdom. The public revenues of the Islands are raised by income tax, duties on imported goods and by other taxes.

Guernsey and Jersey are the two main islands. Jersey is the largest, covering approximately 45 square miles; it lies 85 miles south of England and 14 miles from the west coast of France. It has an estimated population of 89,300 (Dec 2006).

The value of Jersey's economic activity GVA (Gross Value Added – the sum of wages and salaries and company profits) was £3.7 Billion in 2006. The Island's GNI (Gross National Income – derived from GVA by subtracting money earned in Jersey by businesses owned off-Island but adding back money earned abroad by Jersey residents and businesses) was £3.4 Billion giving a GNI per capita of £39,000, one of the highest in the world. Jersey's success can be attributed to the international nature of its business. The Financial Services Sector (including banking, trust and company administration, fund management, accountancy and legal activities) now accounts for over half of Jersey's economic activity. Non-financial activity has remained relatively stable in nominal terms.

In June 2007, a total of 55,140 people were employed in Jersey; almost a quarter of them were employed in the financial and legal services sector. The private sector employed 88 per cent with the public sector making up the remainder.

It is clear that Jersey's prosperity relies heavily on the finance industry and it is the Island's stable political and fiscal infrastructure that has enabled the industry to develop. 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 an enviable economic strength, with no public debt and a substantial strategic reserve, achieved through its stable infrastructure and prudent budgeting. Jersey's economic stability has allowed an independent and uncomplicated taxation system to benefit residents and overseas investors for over 60 years. There are no capital gains taxes, estate or inheritance duties.

Recently Jersey has introduced a goods and services tax as part of a strategy to revise its tax system and reduce its dependence on income tax. Jersey has committed itself to a series of business tax incentives in order to remain competitive.

The new fiscal strategy was designed to ensure continuance of a favourable business environment.

Jersey has been recognised by many international bodies, including the G7 Financial Stability Forum, as being one of the world's leading finance centres in the supervision and regulation of financial services.

Regulation and supervision of the finance industry is the remit of the Jersey Financial Services Commission. The Jersey Financial Services Commission follows strict scrutiny guidelines when granting licenses to operate any type of financial business in Jersey.

Guernsey is the second largest island covering approximately 24 square miles and lies to the north west of Jersey some 30 miles west of the French coast and 75 miles south of England.

Guernsey's equivalent measure of economic prosperity is GDP (Gross Domestic Product which equals remuneration + business profits + income from land and rental property). In 2006 Guernsey's GDP stood at £1.65 billion and GDP per capita was £27,069. Like Jersey the finance and legal sectors accounted for a large proportion of its prosperity, in Guernsey's case approximately 33 per cent of GDP. Similarly the finance and legal sector employed almost a quarter of the labour market in 2006.

A total of 61,029 people were estimated to be living in Guernsey in 2006, or 969 people per square kilometre. Guernsey's population density is 150 per cent higher than that of the UK and 27.5 per cent higher than that of Jersey.

A spirit of enterprise, entrepreneurial skills and a flair for commerce have made Guernsey a centre of excellence for a number of industries over many hundreds of years.

Whilst Guernsey's Commerce and Employment Department is committed to encouraging further business development that will contribute to a diverse and sustainable economy and is exploring opportunities in the burgeoning areas of E-commerce, intellectual property and the fulfilment industry, finance is the mainstay of the economy.

In June 2006 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 - that includes as standard a zero rate of corporation tax. In addition, Guernsey resident shareholders will be taxed on distributed company profits only. There has also been a commitment not to introduce wealth taxes like inheritance tax or capital gains tax. The agreement to this package highlights the government's continued commitment to an enterprise economy and to the finance industry.

Day-to-day responsibility for the regulation of the finance sector rests with the [GFSC](#), which was established under the Financial Services Commission (Bailiwick of Guernsey) Law, 1987, with general and statutory responsibilities. The GFSC was one of the world's first such unitary bodies, with the regulation of banking, insurance and investment activity being carried out under one roof. Regulated entities now include banks, company administrators, directors, insurers, insurance intermediaries, investment firms and intermediaries and trust administrators.

The GFSC ensures that the providers of financial services in the Island carry out their business to established international standards. In addition to general powers of supervision, the GFSC has statutory powers to enforce compliance with the laws regulating the conduct of finance business in Guernsey. Institutions must also comply with international anti-money laundering requirements - new customers must always be properly identified and institutions must take appropriate steps to reassure themselves of the origin of funds transferred to the island.

2. The Company

Bailiwick Investments Limited is a new Guernsey authorised closed-ended investment company with an indefinite life. The Company's initial issued share capital will comprise Ordinary Shares which will be traded on the CISX.

3. Investment Objective and Policy

The Company has been established with the objective of attaining long term capital growth by investment in a diversified portfolio of investments principally in businesses, property and assets situate, registered, headquartered in or managed from the Channel Islands or in relation to which through the involvement of Channel Islands businesses or individuals resident in the Channel Islands there is a material Channel Islands interest.

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 may be made within a period of 3 years from Admission without Shareholder approval.

The Company may invest in unquoted stocks and private companies. The Manager believes that current volatility in the stock market and the stricter controls being imposed on such applicants will reduce market appetite for smaller IPOs in the short term. To the extent that this causes companies to delay seeking a flotation, it increases the number of opportunities for the Company to offer substantial investment.

Companies in which the Company is expected to invest are also likely to have one or more of the following attributes:

- (i) a requirement to increase the scale of its operations;
- (ii) a need to replace a retiring owner-manager, or early stage investors;
- (iii) a need to change strategy and invest to make it an attractive sale or flotation prospect;
- (iv) a need to make a strategic acquisition or some other transformation to make it an attractive sale or flotation prospect.

Typically, the funds invested are expected to be used by investee companies to meet working capital requirements and to finance capital expenditure in order to facilitate the expansion of the businesses by acquisition or through organic growth. Businesses in which the Company is to invest should ideally, in the opinion of the Manager, be capable of achieving a realisation ultimately either through a sale or by listing of their shares on a stock exchange.

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 investments. It is intended that not less than 50 per cent in value of the Net Proceeds (or such lower or higher percentage as the Board may from time to time determine) should be invested in businesses or assets situate, registered or headquartered in the Bailiwicks.

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 (other than in respect of the Initial Property Portfolio) no more than 25 per cent. of the Company's NAV may be committed to any single investment, or more than 25 per cent. of the Company's NAV in investments considered by the Board to be "special situations" (such as in companies that are already listed) in each case at the time of investment (or commitment). Such limits may be increased up to 60 per cent. if in a specific case the Board should consider it appropriate to do so.

5. The Channel Islands commercial property market

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

The Jersey office market is concentrated in St. Helier town centre. Due to the constrained size of the town, the main office locations are within a short walking distance of each other with the Esplanade and its immediate environs considered to be the core.

The Jersey Island Plan Review Green paper of July 2008 indicates that approximately 998,000 square feet or 38.73 per cent of the existing office stock is of Grade A category and is situated in what is considered to be prime location.

The growth in development of commercial property within Guernsey has occurred in line with the growth of the finance industry as it has expanded since the early 1980's. Development of modern, large, office accommodation most recently commenced in Guernsey with the completion of properties such as the Royal Bank of Canada building in 1989. This spurred a number of developers to progress with similar projects during the 1990's and thereafter.

Several major sites have since been developed or refurbished including; the Royal Hotel Site, Mill House, Admiral Park, Trafalgar Court, Regency Court and Commerce House.

6. Investment Process

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

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

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

Investment advice and recommendations for acquisitions and disposal will be provided by the Investment Committee to the Board for approval.

The Manager, through the Investment Committee, has discretion to implement investment decisions without prior reference to the Board where the proposed investment transaction:-

- (i) is in accordance with the investment policies, objectives and restrictions determined by the Company from time to time;
- (ii) represents less than 5 per cent. of the Company's NAV at the time of acquisition/disposal;
- (iii) is not a Connected Party Transaction; and

- (iv) complies with any other guidelines set down by the Board from time to time.

In all other cases, transactions may only proceed with the approval of the Board.

Transactions determined by the Investment Committee under the delegated authority granted to the Manager during any quarter will be the subject of a detailed report to the Board by the Manager in its report to the Board for that quarter.

The Manager and the Investment Committee will actively search for investments which meet the required criteria determined by the Board from time to time. Once a potential investment opportunity has been identified, the Manager will prepare a report for consideration by the Board which will typically cover, inter alia, the following:

- (i) the financial position of the proposed investment company and the level of funding required;
- (ii) the quality of the management of the proposed investee company and any changes that the Manager considers necessary;
- (iii) the outlook for the industry in which the proposed investee company operates, with industry expertise brought in as necessary to provide an analysis of the growth prospects and risk factors;
- (iv) the market position of the potential investee company within the industry;
- (v) the potential return on the investment; and
- (vi) the intended period of time that the investment will be held, and/or key criteria that will lead to a recommendation to realise the investment.

Reports provided to the Board will highlight the proposed strategy for the potential investment with regard to growth prospects whether organically or by pursuing an acquisition strategy and/or buy-and-build and proposals for eventual realisation.

The Investment Committee 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 Investment Committee, save that responsibility for investment decisions within the investment criteria from time to time set by the Board may be delegated to the Manager as explained above.

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. Indeed by its nature and due to the involvement of members of the Investment Committee it is expected that opportunities for the Company may arise specifically due to the connections of Connected Parties.

Accordingly, and anticipating such occurrences, for governance purposes, the Company has been structured with a fully independent Board from the Manager and the Investment Committee 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.

Connected Party Transactions may only proceed with the prior approval of the Board.

In addition, at Manager level where a proposed transaction is a Connected Party Transaction the Connected Party/Parties are precluded from sitting on or voting as members of the Investment Committee in relation to that transaction. The place of any Connected Party on the Investment Committee for the purposes of any such Connected Party Transaction will be taken by Susie Farnon, the non-executive director of the Manager and Cenkos CI (details of whom appear on page 24). No Connected Party Transaction may proceed from the Investment Committee for approval by the Board other than with the unanimous recommendation of all members of the Investment Committee, including Susie Farnon.

The Company will also operate the above procedures in accordance with the Listing Rules of the CISX from time to time such that:

- (i) no Connected Party Transaction that represents 5 per cent. or more of the NAV or net profits* of the Company and its subsidiaries for the time being or 5 per cent. or more of its share capital issued as consideration, may proceed other than with the consent of an ordinary resolution passed by the Shareholders, other than the Connected Party;
- (ii) no Connected Party Transaction that represents less than 5 per cent. but 1 per cent. or more of the NAV, net profits* or share capital (referred to in (i) above) may proceed other than with an independent valuation of the transaction, disclosure to the CISX and the CISX having been provided with an opinion from the Company's sponsor that the proposed transaction is fair and reasonable to the Shareholders and disclosure is made of the transaction in the Company's report and accounts;
- (iii) Connected Party Transactions representing less than 1 per cent. of the Company's NAV, net profits* or share capital (referred to in (i) above) may only proceed with the unanimous approval of the Board; and
- (iv) (i) to (iii) above, may in addition be subject to such additional requirements or controls as the Board may consider desirable in the interests of Shareholders in the case of any specific transaction.

Members of the Investment Committee are deemed to be Connected Parties by the Company for these purposes.

*The Company has received a limited derogation from the CISX as to the application of the Connected Transaction Rules to the extent to which the net profit tests above apply to Connected Transactions during the initial financial period of the Company, until publication of its first audited accounts in order to avoid minor transactions which would not otherwise fall within the other NAV or share capital tests being impeded during the initial trading period of the Company pending a profit profile being established. The application of the NAV and share capital tests are not affected by the derogation.

The Manager is precluded under the terms of the Management Agreement from managing a competing business to that of the Company but otherwise its duties to the Company are not exclusive and it is not precluded from performing similar services to other persons. Subject to compliance with their duties to the Company at all times under the Management Agreement neither the Manager nor any member of the Investment Committee is precluded from having a personal interest or advising others

in relation to similar transactions to those of the Company and is not obliged to account for any profits made on fees received thereon.

7. Dividend Policy

The Directors intend that returns should be generated for Shareholders primarily through capital appreciation of their investment.

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.

Thereafter the Directors intend to adopt a distribution 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

The Company may borrow funds, and if required, secured on its investments. Borrowings may not exceed 50 per cent. (or such other percentage as may be determined in accordance with investment guidelines determined for the Manager by the Board from time to time) of the Company's last announced NAV at the time of draw down of such borrowings without approval of the Board.

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

It is the intention of the Company to borrow up to 50 per cent of the value of the Initial Property Portfolio following Admission. Discussions have taken place and indicative commitments obtained by the Manager for the benefit of the Company as to the availability of funds for borrowing. However, in light of current market conditions, the Manager proposes to wait until Admission has taken place before determining the structure, nature and level of potential gearing on the Initial Property Portfolio and the identity of the lender or lenders in order to secure, in its opinion, the most appropriate market terms available.

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 as and when market conditions are more benign.

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 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 10 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
David Lowe	Non-Executive Chairman	72
John Henwood	Non-Executive Director	63
Mel Carvill	Non-Executive Director	46

Brief biographies of the Directors are set out below:

David Lowe OBE, Non-executive Chairman

David Lowe worked for 37 years with Bucktrout & Co Limited, becoming Managing Director in 1980 before retiring in 1993. David was elected Jurat of the Royal Court of Guernsey in 1993.

David has also served as a Non-Executive chairman of Barclays Finance Company (Guernsey) Limited and Non-Executive Director of Lazard's Channel Islands Limited, International Energy Group Limited, Ann Street Group Limited, C.I. Traders Limited, Islands Insurance Holdings Limited as well as several other private local companies.

David was awarded the OBE on the Queen's New Year's Honours List in 2006 for services to the Royal Court of Guernsey.

John Henwood MBE, Non-executive Director

John Henwood worked with the Channel Television Group for 38 years; he was appointed to the Board in 1986 and became Chief Executive the following year. He retired from this post in 2000. During his career in broadcasting John was a director of ITV Network and served on a number of industry bodies. He was appointed MBE in 1998 for service to broadcasting and the community. In 1999 he was appointed by the States of Jersey to the Review Panel on the Machinery of Government and has served on a number of States' review and advisory bodies.

John is Chairman of Jersey Telecom Group, Vice-Chairman of Jersey Finance Limited, a director of Kleinwort Benson CI Holdings Limited and Flying Brands plc. He is President of the local branch of the Chartered Institute of Marketing and is a past chairman and president of the Institute of Directors in Jersey.

Mel Carvill, Non-executive Director

Mel Carvill is Deputy General Manager at Assicurazioni Generali S.p.A., one of the world's largest insurers, where he is Regional Head of Western Europe, the Americas and the Middle East. He is also responsible for M&A activities, the Research and Corporate Development Office and International Regulatory Affairs.

Mel has worked with the Generali Group for 23 years holding various accounting, technical and general management positions and joined the Head Office in 2000. He is a director of financial services companies operating in North America, Europe and Asia.

Mel is a Fellow of the Institute of Chartered Accountants in England and Wales, holds the Advanced Diploma in Corporate Finance, is an Associate of the Chartered Insurance Institute, a Chartered Insurer and a Fellow of the Securities Institute.

He has served as local president of professional institutes of Accountants and Insurers and of Pension Fund Associations.

2. Investment Management Arrangement

The Manager was incorporated on 4 September 2008 as a wholly owned subsidiary of Cenkos Channel Islands Limited. 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 investment manager of the Company is for an initial term of 3 years subject to termination on or after the third anniversary of appointment. Further details of the Investment Management Agreement are contained in paragraph 11 of Part VII of this document.

Subject to the share dealing and conflicts management arrangements described in paragraph 6 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.

The Manager is, however, expressly restricted under the Investment Management Agreement from engaging in a competing business with that of the Company.

The Manager is a wholly owned subsidiary of Cenkos Channel Islands Limited. 50 per cent of the issued share capital of Cenkos Channel Islands Limited is registered in the name of Cenkos Securities plc. An AIM listed company with a market capitalisation of £84 million.

Responsibility for the Manager's investment management functions in respect of the Company has been delegated to the Investment Committee.

The Investment Committee comprises:

Thomas Hays Scott

Thomas Hays Scott moved to Guernsey in 1987. Shortly thereafter he was appointed Chairman of Guernsey Gas which was capitalised at the time at approximately £20 million. In 2005 the company, which by then had become International Energy Group Limited, was sold for approximately £200 million. In 1995 Tom acquired 29.9 per cent of the issued share capital of Channel Television, a company capitalised at the time at approximately £10 million. He became Chairman and within a period of 5 years sold the assets for approximately £30 million, returning some £17 million to shareholders. The remaining company was turned into a property investment and development company and re-named ComProp Limited which was sold in 2004 to C.I. Traders Limited for some £50 million. C.I. Traders Limited of which Tom was chairman was itself sold in 2007 for some £400 million (including debt). Tom is actively involved in the family property, Jacksons motor car businesses in the Channel Islands and

farming businesses in the Ukraine and Hungary. Tom is Chairman and non-executive director of Cenkos CI.

Thomas Richard Scott

Thomas Richard Scott graduated from the London School of Economics in 1996. He then worked in the business recovery unit at KPMG in London, where he qualified as a chartered accountant. Tom subsequently worked with his father for a period before taking full day to day control of the family's UK motor business in 2002 which was sold in 2007. Tom currently resides in Jersey and is actively involved in the family property and motor businesses in the Channel Islands and farming businesses in the Ukraine and Hungary.

Peter Tom

Peter Tom is the Chairman of Marwyn Materials Limited, Leicester Tigers and is a former Chairman and Chief Executive Officer of Aggregate Industries Limited. 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 lives in Guernsey, was awarded the CBE in the Queens New Years Honours List in 2006 for services to sport and business. He is also a non-executive director of two AIM listed investment funds.

Jonathan Ravenscroft

Jonathan Ravenscroft has been a stock broker for 25 years, he co-founded Collins Stewart in the Channel Islands and was its head of broking. He is a fellow of the Securities Institute and is the founding Director and Chief Executive Officer and a director of Cenkos CI. He has overseen the creation of the CISX listed Cenkos CI wealth management business with £400 million of assets under management.

Susie Farnon – whose details appear on page 24 acts as ex officio member of the Investment Committee when required to resolve conflicts and to act in relation to Connected Party Transactions.

3. **Management and Performance Fee**

The Manager will be paid an annual management fee, payable quarterly in advance, of 1.5 per cent. of the Adjusted Closing NAV (excluding cash and property investments), 1 per cent. on property investments and 0.50 per cent. of cash or near cash investments. This fee will be paid quarterly in advance.

The Manager may also become entitled to a performance fee in certain circumstances. The performance fee is calculated by taking an amount equal to 20 per cent. of the amount by which, at the end of any accounting period, the Adjusted Closing NAV per Ordinary Share exceeds the greater of:

- (i) the Hurdle NAV per Ordinary Share; and
- (ii) the High Watermark

and multiplying such amount by the total number of Ordinary Shares in issue for the relevant performance period. If new shares are issued in any performance period, any performance fee for such period will be calculated on a time apportioned basis based on the NAV of the Ordinary Shares in issue and the issue price of each new share issued in such period.

The performance fee is payable annually in arrears at completion of the audit of the financial statements of the Company at the end of each relevant accounting period. The first relevant accounting period begins on Admission and ends on 31 October 2009. Each subsequent accounting period is a period of one financial year. No performance fee becomes payable unless the Hurdle NAV per Ordinary Share of 2

per cent. per annum over the Bank of England base rate is exceeded for the relevant period.

Further details of the performance fee and the Investment Management Agreement are set out in paragraph 11 of Part VII.

The Manager has secured the provision of services to it of the members of the Investment Committee on terms as to notice equivalent to the Investment Management Agreement and the Manager (not the Company) will be responsible for the payment of all fees and charges of the members of the Investment Committee out of remuneration received by it.

4. 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.

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 auditors 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 terms of the Investment Management Agreement.

The Board has also adopted procedures for managing conflicts and material interests of Connected Parties as described in paragraph 6 of this part II below.

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 the Management Engagement Committee.

The Chairman of the Management Engagement Committee is David Lowe.

The Chairman of the Audit Committee is Mel Carvill.

5. Administration Arrangements

The Administrator was incorporated in 2004 and is fully licensed by the Guernsey Financial Services Commission to carry out fiduciary investments and fund administration.

The Administrator has been appointed to provide day to day administration, custodial, registrar and secretarial services to the Company as set out in the Administration Agreement. The Administrator is licensed to provide administrative and other services

to collective investment schemes by the GFSC. The Administration Agreement is terminable by either party on not less than three months' notice in writing and in certain other circumstances, including material breach of the terms of the agreement by either party.

Further details of the Administration Agreement are set out in paragraph 11 of Part VII of this document.

6. 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. Connected Party Transactions will be addressed in accordance with the procedure described in paragraph 6 of part I above. 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.

7. Bordeaux

The Administrator was incorporated as a limited liability company in Guernsey on 2 April 2004 with registered number 41777. 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 715167. The Administrator is licensed and regulated by the GFSC.

8. The Manager

The Manager was incorporated on 4 September 2008 as a wholly owned subsidiary of Cenkos Channel Islands Limited. The Manager is licensed under the POI Law to conduct investment business.

The current directors of the Manager are:-

Mark Bousfield

Mark Bousfield, first started work in financial markets in 1994 as a portfolio administrator for Guernsey Capital Management. Following this he spent 3 years working on the securities dealing and advisory desk at Credit Suisse (Guernsey) Limited. In 1998 Mark moved to Matheson Investment International Limited where his key responsibility was the management of a portfolio of discretionary clients. In September 1999 he moved to Brewin Dolphin Ltd where he was a regional director and headed the discretionary portfolio management desk there for 9 years. Mark is a Fellow of the Securities Institute and has a BA (Joint Hons) in Geography and Politics from Leeds University.

David Chan

David joined Cenkos CI in 2005 following a 25 year career in the Royal Air Force. He is also a director of Cenkos Jersey Limited and has responsibility for corporate governance within the group and business development. He was awarded the OBE in 2006 in recognition of his leadership of the Eurofighter Typhoon project. David has an MA in Humanities from Kings College London.

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.

Susie Farnon also acts as ex officio member of the Investment Committee when required to resolve conflicts and act in relation to Connected Party Transactions.

9. Investment Committee

The Investment Committee has been formed so as to provide investment management functions and investment expertise. The expertise and skills of the members of the Investment Committee are set out in paragraph 2 of 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 8.30a.m. on 15 December 2008 or such later time and/or date as the Company and the Manager may agree (being not later than 8.30am on 31 December 2008; and (ii) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission. The Placing has not been underwritten.

The Placing is intended to raise a minimum of £25,000,000 before expenses. The expenses of the Placing are estimated to amount to not more than 4 per cent. of the Placing Proceeds (including a placing fee of 3 per cent. of the Net Proceeds payable to the Manager).

The placing commission (which is also payable by the Directors and Connected Parties) 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 15 December 2008. All such Ordinary Shares will be in registered form and may be delivered certificated or uncertificated. Temporary documents of title will not be issued pending the despatch by post of definitive certificates, which is expected to take place by 2 January 2009. Pending the despatch of such certificates, 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 of the CISX. Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on the CISX at 8.30a.m. on 15 December 2008. The Ordinary Shares are in registered form and will be capable of being held in certificated form.

3. Settlement and dealings

It is expected that definitive share certificates will be despatched to placees, at the risk of the person entitled thereto, by 2 January 2009.

4. Lock-in arrangements

Under the Placing Agreement, the Directors and the members of the Investment Committee have agreed (subject to certain limited exceptions) not to dispose of any Ordinary Shares in which they are interested as at Admission, for a period of 1 year from the date of Admission. Save in the case of resignation or termination for cause this undertaking ceases if a Director ceases to be an officer of the Company or if a member of the Investment Committee ceases to be engaged by the Manager. The Directors and the Investment Committee are permitted to transfer Ordinary Shares to each other.

PART IV

RISK FACTORS

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

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.

General

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to investment, and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio.

Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio. Investment in the Company should be regarded as long-term in nature.

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.

New company

The Company was incorporated on 22 September 2008 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.

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.

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.

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 is likely in most cases to 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;
- (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; and

- (ix) an investee company's competitors may develop or market technologies that are more effective or less expensive than those developed or marketed by the investee company, or that would render the investee company's technology or business model obsolete or uncompetitive.

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.

Dependence on service providers

The loss of the Manager or members of the Investment Committee as an investment adviser and/or investment manager would be disruptive and could have a material adverse effect on the Company and the companies in which the Company invests.

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 (other than in respect of the Initial Property Portfolio) no more than 25 per cent. of the Company's NAV may be committed to any single investment, or more than 25 per cent. of the Company's NAV in investments considered by the Board to be "special situations" (such as in companies that are already listed and the acquisition of the Initial Property Portfolio), in each case at the time of investment (or commitment), although such limits may be increased up to 60 per cent. if in certain cases the Board considers it appropriate to do so. 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. Up to 60 per cent. of the NAV can be held in properly related investments.

Credit Crunch and Counterparty Risk

Current contraction of the finance industry and 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.

Offshore Financial Centres Review

In the Pre-Budget Report issued on 24 November, 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.

Key Man

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

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.

Performance fees

The annual 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. In addition, since the performance fee is calculated on a basis that includes unrealised appreciation of the Company's assets, it may be greater than if such fee was based solely on realised gains.

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.

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.

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. For further information, please see paragraph 11 of Part VII of this document.

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 11 of Part VII of this document for further information.

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.

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.

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.

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.

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

PART V

Initial Property Portfolio

1. SUMMARY OF THE INITIAL PROPERTY PORTFOLIO

1.1 Summary description of the Initial Property Portfolio

Properties	Owner	Tenant	Lease term	Description	Current Rent	Annual
Commerce House, Admiral Park, St. Peter Port, Guernsey	Commerce Holdings Limited (Car Park on 999 year Lease)	Carey Olsen Group Services Limited (Guaranteed by Michael John Seymour Eades and Others)	21 years from 1.3.2008 for both office and car park leases	Refurbished 4 storey self contained office building together with 7 residential units at 3 rd floor level and caretaker's flat at lower ground floor level and with surface level car parking - 14 (will be 16) to the side and rear and 86 in the rear car park together	£831,229 – for offices and residential units and car 14 (will be 16) car parking spaces (will increase to £833,979 once Instrument of variation is completed) and £130,250 for the 86 car parking spaces – total £961,429	
Nelson House, Admiral Park, St. Peter Port, Guernsey	Column Holdings Limited	Carpetright Plc	14 years from 1.3.2008	Retail warehouse building split into 2 units with small amount of office accommodation and with 3 residential units	£157,212 – shop premises/ancillary offices and stores; Carpetright Plc	
		Gold Limited	24 years from 3.8.2007		£200,000 – warehouse/ancillary offices and residential accommodation Gold Limited	
		Mr and Mrs Bunyan	Expires 28.6.2010;	Residential		
		Mr and Mrs Churchill	Expires 1.7.2010			

1.2 Lease break options

Bunyan and Churchill residential Leases can be ended by either the Landlord or the Tenant on 2 months notice.

1.3 Lease terms

The occupational leases of the Properties are on terms which could reasonably be expected for properties of the type comprised in the Initial Property Portfolio. Subject to the above and viewing the Initial Property Portfolio as a whole, the occupational

leases of the Properties in the Initial Property Portfolio are in general terms institutionally acceptable.

2. **ACQUISITION OF THE INITIAL PROPERTY PORTFOLIO**

The Company has entered into a conditional agreement with the Vendor dated 3 December 2008. Under this agreement the Company has agreed, conditional on the approval of Admission (subject only to the allotment of the Ordinary Shares), to acquire the entire issued share capital of the Property Companies, which are the registered holders of the Initial Property Portfolio. The aggregate consideration for the Property Companies is £24 million. The consideration is satisfied partly by the payment of £20 million in cash and partly by the allotment to Jester 1 Limited of 4 million Ordinary Shares. Completion of the acquisition of these Property Companies is expected to occur immediately after Admission.

The conditional agreement referred to above shall be available for inspection as described in paragraph 11 Part VII of this document.

PART VI
VALUATION REPORT

The Directors
Bailiwick Investment Limited
P O Box 466
Bordeaux Court
Les Echelon
St Peter Port
Guernsey
GY1 6AW

20 November 2008

Dear Sirs

VALUATION OF PROPERTY ASSETS TO BE ACQUIRED BY BAILIWICK INVESTMENT LIMITED

1.0 INTRODUCTION

In accordance with our engagement letter dated 12 September with Bailiwick Investment Limited (the "Company"), we have considered the properties referred to in the attached schedule (the "Schedule") in order to advise you of our opinion of the Market Value (as defined in paragraph 7.1 below) as at 22 September 2008 (the "Valuation Date") of the freehold of each of the properties.

2.0 INSPECTIONS

We inspected the properties during the six months prior to the valuation date.

The properties were inspected on an internal basis with the exception of parts of some of the properties where we were unable to gain access.

3.0 COMPLIANCE WITH APPRAISAL AND VALUATION STANDARDS AND THE LISTING RULES

We confirm that the valuations have been made in accordance with the appropriate sections of both the current Practice Statements ("PS") and United Kingdom Practice Statements ("UKPS") contained within the RICS Appraisal & Valuation Standards 6th Edition (the "Red Book") as well as the Listing Rules published by the Financial Services Authority.

4.0 STATUS OF VALUER AND CONFLICTS OF INTEREST

We confirm that we have undertaken the valuations acting as independent external valuers as defined in the Red Book qualified for the purpose of the valuations.

As you are aware, we have previously carried out a valuation on one of the properties for HSBC Bank Plc, however, we do not believe this quantifies any conflict of interest.

5.0 PURPOSE OF THE VALUATION REPORT

We understand that this valuation report and schedule (the "Valuation Report") are required firstly in conjunction with the acquisition of the properties via a company and secondly, for inclusion in a prospectus concerning the proposed placing and offer and introduction of ordinary shares in the company.

6.0 DISCLOSURES REQUIRED UNDER THE PROVISIONS OF UKPS5.4

6.1 Previous valuations of the properties for purpose of the valuation report

The property known as Commerce House has been previously valued by CB Richard Ellis for bank lending purposes.

6.2 CBRE's Relationship with Client

CB Richard Ellis (Jersey) Limited have not carried out any other agency and professional services on behalf of Bailiwick Investments Limited.

7.0 BASIS OF VALUATION AND NET ANNUAL RENT

7.1 Market Rent

The value of each of the properties has been assessed in accordance with the relevant parts of the current RICS Appraisal & Valuation Standards. In particular, we have assessed market value in accordance with PS3.2. Under these provisions, the term "Market Value" means "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

7.2 Net Annual Rent

The net annual rent for each of the properties is referred to in the Schedule. Net annual rent is defined in the listing rules as the current income or income estimated by the valuer.

- (i) Ignoring any special receipts or deductions arising from the property.
- (ii) Excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) After making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.

The Schedule also includes the estimated net annual rent of each of the properties. The estimated net annual rent is based on the current rental value of each of the properties. The rental value reflects the same terms of the lease where the properties or parts thereof are let at the date of valuation. Where the properties or parts thereof are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable to an open market letting as at the date of valuation.

7.3 Taxation and Costs

We have not made any adjustments to reflect the liability to taxation that may arise on disposal nor for any costs associated with disposals incurred by the owner.

As requested, we have been asked to exclude purchasers costs from the valuations with the exception of 0.75% legal costs and 0.125% valuation costs.

8.0 VAT

Vat is not applicable in Guernsey.

9.0 ASSUMPTIONS AND SOURCES OF INFORMATION

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of building including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

We have carried out our work based upon information supplied to us by yourselves, the borrower and the vendor.

9.1 Title

We have not examined nor had access to all the deeds or other documents relating thereto. Where information from deeds or other documents is recorded in this report this represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Property is not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for the Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

- (j) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (k) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

9.2 Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used or are present in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;
- (b) the Property is free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

9.3 Environmental Matters

We have not undertaken any environmental audit or other environmental investigation or soil survey. We have not carried out any investigation into past or present uses of the property nor of any neighbouring land to establish whether there is any potential for contamination from these uses or sites adjacent to the subject property and have therefore assumed that none exists.

In the absence of any information to the contrary, we have assumed that:

- (a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

High voltage electrical supply equipment may exist within, or in close proximity of, the Property. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

9.4 Areas

We have measured the properties or part of the properties on site and have calculated the floor areas in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors.

The floor areas had also been provided to us by our client and these were verified and approved following our inspections.

9.5 Statutory Requirements

We have not undertaken any formal enquiries with the States of Guernsey authorities, however, have assumed that there are no outstanding issues that would adversely affect the valuations.

9.6 Leasing

We have not examined nor had access to all the deeds or other documents relating thereto. Where information from deeds or other documents is recorded in this report this represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

We have not read copies of the leases or other related documents. However, we have relied on the tenancy summaries contained in the Certificate of Title for the purposes of our valuations.

We have not undertaken credit enquiries into the financial status of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an assumption that the tenants are financially in a position to meet their obligations. Unless otherwise informed by Resolution Investment Services Limited, we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, or current or anticipated tenant disputes.

However, our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation, and a purchasers' likely perception of the financial status of the tenants.

9.7 Information

We have carried out our work based upon information supplied to us by yourselves, the borrower and the vendor.

We have made an assumption that the information Bailiwick Investment Limited and its professional advisers have supplied to us in respect of the Properties is both full and correct. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

10.0 VALUATION

We are of the opinion that the aggregate of the Market Values as at the Valuation Date, being 22nd September 2008, of the freehold (or heritable title) or leasehold interests in each of the Properties described in the Schedule, subject to the Assumptions and comments in this Valuation Report, was as follows:

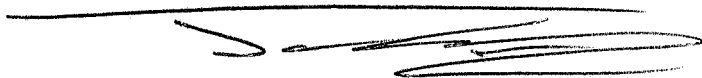
Freehold	£23,000,000	(Twenty three million pounds)
TOTAL	<u>£23,000,000</u>	<u>(Twenty three million pounds)</u>

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

11.0 CONFIDENTIALITY

The contents of this Valuation Report and Schedule may be used only for the purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the Valuer's written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt, such approval is required whether or not CB Richard Ellis are referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

A handwritten signature in black ink, appearing to read 'JON J. CARTER', written over a horizontal line.

JON J CARTER
SENIOR DIRECTOR

Rep/bailiwick Investment

SCHEDULE TO THE VALUATION REPORT

Address	Description and Tenure	Occupational Tenancies	Current Annual Rent Receivable	Estimated Rental Value	Market Value
Nelson House Admiral's Park St Peter Port Guernsey	<p>Nelson House is effectively one large building which has been split to provide two out of town retail units.</p> <p>In addition, there is some ancillary office area within the retail units together with two residential self-contained flats.</p> <p>In addition to the built accommodation, there is also car parking for approximately 20 cars to the side and front of the property.</p> <p>The main entrance is located on the road leading from Les Banques to Elizabeth Avenue and this leads to a car parking area with access to both retail units from therein.</p> <p>Externally, the construction is block work walls under a high pitched metal clad roof with entrance doors.</p> <p>Internally, both retail units are typical of out of town retail stores with basic fit out, suspended ceilings with a variety of lighting, be it both strip lighting and spotlighting, part carpeted and part painted floors.</p>	<p>The property is let to two separate tenants under institutional style leases plus two flats are separately let.</p> <p>First tenant is Carpet Right Plc for 15 years expiring 01/03/2022. The lease has 3 yearly OMRV reviews.</p> <p>Second tenant is Citriche Limited for a term of 24 years expiring August 2031. The lease has 3 yearly OMRV or GRPI reviews whichever is higher.</p> <p>2 residential flats let to local occupiers.</p>	£157,212	£174,680	£6,650,000

Address	Description and Tenure	Occupational Tenancies	Current Annual Rent Receivable	Estimated Rental Value	Market Value
	<p>The ancillary office areas are basic within specification, however, are adequate for the needs of the property.</p> <p>The two residential units provide two separate large self-contained flats comprising bedroom, lounge, kitchen, bathroom and the relevant bedrooms. These are in good condition and are in a prime residential location.</p> <p>Floor Areas – 1,833 sq.m.(19,736 sq.ft.) Plus 2 x 2 bed residential flats. Freehold</p>				
Commerce House Les Banques St Peter Port Guernsey	<p>Commerce House provides modern office accommodation on ground, first and second floors, together with basement storage facilities.</p> <p>In addition, there are residential flats on the top floor plus a large amount of car parking. The residential flats, of which there are 7 in total, comprise of 1 in the basement with the remaining 6 on the third floor, whilst the car parking is situated to the rear of the property in a surfaced car parking site for approximately 100 cars.</p> <p>The main entrance to the property is located on the western elevation facing the seafront and fronting onto the road known as Les Banques and the entranceway leads into the ground floor lobby area with direct access to twin passenger lifts.</p>	<p>The property is fully let to a single tenant under an institutional style lease for the offices and 14 parking spaces whilst there is a separate lease for the other 86 parking spaces.</p> <p>The tenant, Carey Olsen Group Services Limited, are a firm of Channel Island legal advisors who are regarded as being in the top four legal advisors in the Channel Islands.</p>	£961,480	£1,020,000	£16,925,000

Address	Description and Tenure	Occupational Tenancies	Current Annual Rent Receivable	Estimated Rental Value	Market Value
	<p>The building is effectively a star shaped building around a central core.</p> <p>The building has been extensively modernised and refurbished by the landlord over the last 8 months and effectively, the building has had a complete internal rebuild with the external fabric also being re-clad and the only remaining items are that of the main structure. The building is of a structural steel frame construction and has an attractive façade which blends discreetly with other buildings within the area. The entrance to the office accommodation fronts onto Les Banques and overlooks the other Channel Islands and the building offers Grade A office accommodation over ground and two upper floors benefiting from high quality finishes, superb architectural detailing, air conditioning, raised access floor and suspended acoustic tiled ceilings and Category 2 lighting throughout.</p> <p>Internally, there is an impressive ground floor entrance foyer leading to 2 x 8 person elevators and stairs to all floors.</p> <p>There is a separate staff entrance to the rear of the building from the parking area together with ample toilet facilities provided on each floor of the building.</p>	<p>The lease is for a term of 21 years from 1 March 2008 at a commencing rental of £831,230 per annum for the accommodation and an additional £130,250 for the car parking.</p>			

Address	Description and Tenure	Occupational Tenancies	Current Annual Rent Receivable	Estimated Rental Value	Market Value
	Internally, the specification of the offices is as follows:				
	<ul style="list-style-type: none"> • Toshiba air conditioning system • 600 grid tiled suspended ceiling • 100mm clear void raised access flooring • Floor boxes at 1 per 10 sq.m. • W.C. facilities on each floor • 2 x 8 person electric lift at front of building in central entrance • 100 car parking spaces <p>Floor Area – 2,459 sq.m.</p>				

Sch/bailwick schedule

ACWR/sed/V9112

email: tony.rowbotham@montagu-evans.co.uk

1 December 2008

The Directors
Bailiwick Investments Ltd
PO Box 466
Bordeaux Court
Les Echelons
St Peter Port
Guernsey
GY1 6AW

Dear Sirs

**Valuation of Commerce House and Nelson House, Admiral Park, St Peter Port, Guernsey
On behalf of Bailiwick Investments Limited**

Introduction

In accordance with the instructions received from Bailiwick Investments Limited, we hereby provide our opinion of the Market Value of the freehold interest in the two properties as described in the attached Schedule (the Schedule).

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

Compliance with RICS Valuation Standards

The properties have been valued in accordance with the definition of Market Value as set out in the current edition of the RICS Valuation Standards (6th 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 arms length transaction after proper marketing where the parties had acted knowledgeably, prudently and without compulsion.

The Schedule contains the Net Annual Rent for each of the properties referred to in the Schedule and 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 property and allowances to maintain it in a condition to command its rent.

The schedule also includes the Estimated Net Annual Rent of each of the properties. The estimated net annual rent is based on the current rental value of each of the properties. The rental value reflects the same terms as the existing leases where the properties or parts thereof are let at the date of valuation.

Status of Valuer and Conflict of Interest

We would confirm that this valuation has been undertaken by a valuer acting as an External Valuer as defined by the RICS Valuation Standards. Furthermore, we would confirm that we have no relationship with Bailiwick Investments Limited and aside from the fees for this assignment have received no other fees from the Company.

Inspections

We would confirm that we inspected both properties on Tuesday 7th October 2008, with the exception of the two residential units above Nelson House where we were unable to gain access.

Assumptions and Sources of Information

We have relied upon information provided to us in respect of occupational leases and have relied upon the Report on Title prepared by Messrs Ozannes. We would confirm that we have relied upon and accepted that the properties possess a good and marketable title, free from any onerous restrictions or conditions.

We have not carried out investigations into the covenant strength of the individual tenants but have reflected in our opinions of Market Value a general understanding of purchaser's likely perception of the tenant's financial status.

We have not been instructed to carry out building or structural surveys of the properties, nor test the services, but have reflected in our valuations where necessary any defects, items of disrepair or outstanding works, alterations or improvements which we noticed during the course of our inspections or of which we have been advised. Our valuation assumes the buildings contain no deleterious materials and that the sites are unaffected by adverse soil conditions.

Additionally we have made no allowance for any capital sums that may be outstanding in respect of the implementation of the planning permission or the refurbishment work in respect of Commerce House. We have assumed that if such sums exist they are to be the responsibility of the vendor.

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

Furthermore, we have relied upon information provided to us, that there are no arrears of rent or service charges, breaches of covenant, or current or anticipated tenants disputes.

Description, Tenure and Tenancies

We have provided in the attached Schedule, details of the individual properties, including their address, description, tenure, terms of the individual tenancies, estimated current net annual rents receivable, estimated current net rental values and individual market values. 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 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, 28th October 2008 of the freehold interest in each of the properties, described in the Schedule, subject to the assumptions and comments in this Valuation Report is as follows:-

Commerce House	£17,400,000
Nelson House	£6,740,000

The aggregate value of the two properties is £24,140,000 (Twenty Four Million, One Hundred and Forty Thousand Pounds).

Confidentiality and Disclosure

We would confirm that the contents of this Valuation Report and the attached Schedule may be only used for the purpose 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 this Valuation Report may only be used for the purpose of inclusion in the Listing Document, in respect of Bailiwick Investments Limited and we would confirm our agreement to its inclusion.

Yours faithfully

A handwritten signature in black ink, appearing to read 'TJ Rtt', with a long horizontal stroke extending to the right.

Tony Rowbotham
For and on behalf of Montagu Evans LLP

Address	Description and Tenure	Occupational Tenancies	Current Net Annual Rent Receivable	Estimated Net Annual Rent	Market Value
Commerce House, Admiral Park, St Peter Port, Guernsey	<p>The Subject Property comprise a purpose built office building believed to have been constructed during the 1970's and is of framed concrete construction with rendered walls, under a flat roof. The office accommodation was refurbished in 2007 to include 2 x 8 person passenger lifts, Toshiba air conditioning units to each floor, suspended ceilings and raised access floors.</p> <p>The property benefits from 100 car parking space.</p> <p>Floor Area: 2,491 sq m (26,818 sq ft) plus 8 auxiliary residential units.</p> <p>Freehold</p>	<p>Let on two co-terminus leases both to Carey Olsen Group Services Limited.</p> <p>The Subject Property and 14 car parking spaces was let on 21 year lease from 1st March 2018 on full repairing and insuring terms subject to three yearly upward only rent reviews.</p> <p>The car parking area, comprising 86 spaces, is let on a separate co-terminus lease.</p>	<p>£831,479</p> <p>£130,250</p>	<p>£831,479</p> <p>£130,250</p>	£17,400,000
Nelson House, Admiral Park, St Peter Port Guernsey	<p>The Subject Property comprises two attached retail warehouse units, arranged on ground floor only with two residential units above and an adjacent two storey office and residential building.</p> <p>The retail warehouse units provides a total of 1,748.4 sq m (18,820 sq ft). The two storey office and residential unit provides approximately 170 sq m (1,832 sq ft) and in addition there are two residential units.</p>	<p>The first Retail warehouse unit is let to Carpetright Plc on a 14 year lease from the first March 2008, on full repairing and insuring terms with upwards only rent reviews on the 1st March 2013, 2016 and 2019.</p> <p>The second unit is let to Gold Limited, on an assignment from Citriche Limited, a 24 year lease from the 3rd August 2007 on full repairing and insuring terms.</p>	<p>£157,212</p> <p>£200,000</p>	<p>£157,212</p> <p>£200,000</p>	£6,740,000

	<p>To the front and side of the property are approximately 31 surface level car parking spaces.</p> <p>Freehold</p>	<p>The rent is to be reviewed in an upwards only direction every third year with the first review being on the 3rd August 2010. Additionally at the first, third, fifth and seventh reviews, the rent is to be the higher of market rent or the compounded increase in the Guernsey Retail Price Index for the proceeding three years.</p> <p>The two self contained residential units are let on leases to expire in June/July 2010.</p>	£20,400	£20,400	
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PART VII

ADDITIONAL INFORMATION

1. Incorporation and status of the Company

- 1.1 The Company was incorporated with limited liability in Guernsey, as a closed-ended investment company, under the Law on 22 September 2008 with registered number 49479 as a private company limited by shares.
- 1.2 The principal legislation under which the Company operates under is the Law and the regulations made thereunder.
- 1.3 The registered office of the Company is at P.O. Box 466, Bordeaux Court, Les Echelons, St. Peter Port, Guernsey, GY1 6AW. Statutory records of the Company are located at the registered office of the Company.
- 1.4 Subject to the applicable laws, the liability of the members of the Company is limited.

2. Share capital of the Company

- 2.1 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 New 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

- 2.2 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 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 David Lowe.

- 2.3 Interests of Directors in the share capital

Name	Number of Shares	Held by	Fully paid
David Lowe	500,000	DC & JN Lowe	Yes
John Henwood	75,000	John Henwood	Yes
Mel Carvill	100,000	The Carvill Retirement Annuity Trust	Yes

- 2.4 Interests of the Investment Committee in the share capital

Name	Number of Shares	Held by	Fully paid
Jonathan Ravenscroft	500,000	TEMK Investments Limited	Yes
Thomas Hays Scott	5,000,000	Jester 1 Limited	Yes

Thomas Richard Scott	25,000	Thomas Richard Scott	Yes
Peter Tom	1,000,000	PWG Tom Retirement Annuity Scheme	Yes

2.5 Share capital holdings over 10 per cent.

Following Admission 5 million Ordinary Shares will be held by Jester 1 Limited whose entire issued share capital is beneficially owned by Thomas Hays Scott a member of the Investment Committee.

2.6 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.

3. Memorandum and Articles of Incorporation

3.1 The principal objects of the Company are not restricted. The objects of the Company are set out in full in clause 5 of its memorandum of association.

3.2 The Articles, which are to be adopted prior to Admission, will contain provisions, inter alia, to the following effect:

(1) *Voting rights*

On a show of hands, every Member present in person or by proxy shall have one vote subject to any special voting powers or restrictions, unless such proxy is himself/herself a Member entitled to vote.

On a poll, every Member present in person or by proxy shall have one vote for each Ordinary Share held by him/her subject to any special voting powers or restrictions.

If at any time the share capital of the Company 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 at least three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

To any separate general meeting of a class the provisions of the Articles relating to general meetings shall apply, but so that the necessary quorum for a variation of class rights meeting is:-

- (a) 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; or
- (b) for an adjourned meeting, one (1) person holding shares of the class in question; or
- (c) where the class has only one Member, that Member.

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 meetings*

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 Members 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 Members 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) Member entitled to attend and vote at the general meeting, that Member 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) *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 of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies.

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 shares held by each Member.

The Board may deduct from any dividend payable to any Member 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 any person is entitled to become a Member until such person has become a Member.

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 Ordinary Shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of Members and may vest any such specific assets in trustees for the Members, 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, bonuses 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 (or unclaimed sums payable in respect of Ordinary Shares) 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.

(4) *Return of capital*

If the Company shall be wound up whether voluntarily or otherwise, the liquidator may with the sanction of a special resolution divide among the Members, in specie, the whole or 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 Members as the liquidator with the like sanction shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

If thought expedient subject to the obtaining of any necessary consents or sanctions any such division may be otherwise than in accordance with the then existing rights of the Members and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in default of any such provision the assets shall subject to the rights of the holders of shares issued with special rights or privileges or on special conditions be distributed rateably according to the amount paid up on the shares.

In case any of the shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares 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.

Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company (the “**transferee**”) the liquidator of the Company may, with the sanction of an ordinary resolution, conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee for distribution among the Members or may enter into any other arrangement whereby the Members may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

(5) *Transfer of shares*

- (1) The Directors shall have power to 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 UK system. Where they do so, paragraph (2) below (amongst others) shall commence to have effect immediately prior to the time at which EUI admits the class to settlement by means of the CREST UK system.
- (2) In relation to any class of shares which, for the time being, EUI has admitted to settlement by means of the CREST UK system, and for so long as such class remains so admitted, no provision of these 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 UK system; or
 - (c) the CREST Guernsey Requirements.

The Board may, in their discretion and without assigning any reasons, refuse to register a transfer of any share to any person of whom they shall not approve as transferee. If the Board refuse to register a transfer of any share, they shall send to the transferee notice of refusal within a reasonable period.

The Company shall keep the Register in accordance with Sections 123-128 of the Law and allow inspection in accordance with Sections 127-128 of the Law. Subject to the CREST Guernsey Requirements and without prejudice to Section 127 of the Law, the registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in one year) as the Board may decide and either generally or in respect of a particular class of share.

(6) *Redemptions*

Subject to the provisions of the Law 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 manner as the Board may determine.

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.

(7) *C Shares*

In order to prevent the issue of further shares diluting existing Shareholders' share of the NAV of the Company, if the Directors consider it appropriate they may issue further shares as "C Shares". C Shares constitute a temporary and separate class of shares which are issued at a fixed price determined by the Company. The issue proceeds from the issue of C Shares will be invested in new portfolio investments, which will initially be attributed solely to the C Shares. Once the further investments have been made, the C Shares will be converted into Ordinary Shares on a basis which reflects the respective net assets per share represented by the two classes of shares.

(8) *Determination of Net Asset Value*

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

- (1) The Net Asset Value shall be equal to the value as at the relevant Valuation Point of all the assets, less all the liabilities, of the Company.
- (2) The assets of the Company shall be deemed to include the following:-
 - (a) all cash on hand, on loan or on deposit, or on call including any interest accrued thereon;
 - (b) all treasury bills, demand notes, promissory notes and accounts receivable;
 - (c) 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;
 - (d) 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;
 - (e) all interest accrued on any interest-bearing securities owned by the Company;
 - (f) unrealised profits on open contracts; and
 - (g) 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 and prepaid expenses as valued and defined from time to time by the Directors.
- (3) 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.
- (4) The investments of the Company shall be valued as follows:-
 - (a) subject to sub-Article (6) 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 market dealing price, at the last close of business before the Valuation Point 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 as determined by the Directors from time to time in their absolute discretion.

PROVIDED THAT where the value of an investment cannot be determined in accordance with the above procedures, or in instances where the Directors determine that it is impracticable or inappropriate to determine a price or liability in accordance with the above procedures, the price or liability will be a fair and reasonable value or a fair and reasonable assessment of the liability as determined in good faith and on a prudent basis in such manner as the Directors of the Company may prescribe in accordance with the accounting procedures applicable from time to time to the Company.

- (5) 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.
- (6) Notwithstanding the rules in sub-Article (4), 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.

- (7) Any valuations made pursuant to these Articles shall be binding on all relevant persons.
- (8) 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.
- (9) Brokerage commissions on open contracts shall be accrued as a liability of the Company upon the initiation of such positions.
- (9) *Creation or issue of further securities, changes in share capital and variation of rights*

The Company may by ordinary resolution:-

- (a) convert shares from one class to another and convert, reclassify, consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (b) subject to other provisions in the Articles, subdivide all or any of its shares into shares of a smaller amount;
- (c) cancel 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 the shares so cancelled;
- (d) convert all or any of its shares the nominal amount of which is expressed in a particular currency or former currency into shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than 3 significant figures) current on the date of the resolution or on such other day as may be specified therein;
- (e) 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.
- (10) *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.

- (11) *Directors Appointment, Renewal and Retirement*

The business of the Company shall be managed by the Board who may exercise all such powers of the Company as are not required to be exercised by the Company in general meeting subject nevertheless to the Articles and to the Law and to such regulations as may be prescribed by the Company in general meeting but no regulation so made shall invalidate any prior act of the Board. The general powers given by this paragraph shall not be limited or restricted by any special authority or power given to the Board by any other Article.

The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman at the meeting shall have a second or casting vote.

A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretions exercisable by the Board.

The continuing directors may act notwithstanding any vacancy but, if and so long as their number is reduced below the minimum number fixed pursuant to the Articles, the continuing directors may act for the purpose of increasing the number of directors to that number or of summoning a general meeting but for no other purpose. If there be no directors able or willing to act, then any Member may summon a general meeting for the purpose of appointing directors.

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two (2) for a meeting of the Board and two (2) for a committee of the directors, except that where the minimum number of directors has been fixed at one, a sole director shall be deemed to form a quorum.

For the purposes of the Articles an alternate appointed by a director shall be counted in a quorum at a meeting at which the director appointing him is not present.

A director shall cease to hold office:-

- (a) if he (not being a person holding for a fixed term an executive office, subject to termination if he ceases for any cause to be a director) resigns his office by written notice signed by him sent to or deposited at the Office;
- (b) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of twelve months and the Board resolves that his office shall be vacated;
- (c) if he dies or becomes of unsound mind or incapable;
- (d) if he becomes insolvent suspends payment or compounds with his creditors;
- (e) if he is requested to resign by written notice signed by all his co-directors;
- (f) if the Company in general meeting shall declare that he shall cease to be a director; or
- (g) if he becomes ineligible to be a director in accordance with Section 137 of the Law.

If the Company in general meeting removes any director before the expiration of his period of office, it or the Board may appoint another person to be a director in his stead who shall retain his office so long only as the director in whose stead he is appointed would have held the same if he had not been removed. Such removal shall be without prejudice to any claims such director may have for damages for breach of any contract of service between him and the Company.

(12) *Directors and conflicts of interests*

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 above paragraph does not apply if:-

- (a) the transaction or proposed transaction is between a 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 the above paragraphs 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) qualifying third party indemnity provision provided for a director in accordance with Section 159 of the Law.

A director who is interested in a transaction entered into, or to be entered into, by the Company, may:-

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purpose of a quorum;
- (c) sign a document relating to the transaction on behalf of the Company; and
- (d) do any other thing in his capacity as a director in relation to the transaction;

as if the director was not interested in the transaction.

Subject to the paragraphs below, a director is interested in a transaction to which the Company is a party if the 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.

A director may hold any other office or place of profit under the Company (other than Auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or 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, be liable to be avoided, nor shall any director so contracting or being so interested be 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.

(13) *Power to purchase own shares*

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

(14) *Remuneration of Directors*

The directors shall be paid out of the funds of the Company by way of fees such sums not exceeding an aggregate of £65,000 (sixty five thousand pounds) per annum as the directors shall determine, or as may otherwise be approved by the Company in general meeting. Directors' fees shall be deemed to accrue from day to day.

The directors shall also be entitled to be repaid all reasonable out of pocket expenses properly incurred by them in or with a view to the performance of their duties or in attending meetings of the Board or of committees or general meetings.

If any director, having been requested by the Board, shall render or perform extra or special services or shall travel or go to or reside in any country not his usual place of residence for any business or purpose of the Company, he shall be entitled to receive such sum as the Board may think fit for expenses and also such remuneration as the Board may think fit, either as a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration which he may be entitled to receive.

The Board may pay a gratuity, pension or allowance on death or retirement to, and may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation or life assurance funds or schemes, for the benefit of any persons:-

- (a) who are or were at any time in the employment or service of the Company or of any company which is or was a holding or subsidiary company of the Company or of any predecessor in business of any of them; or
- (b) who are or were at any time directors or officers of the Company or of any such other company or predecessor in business and holding any salaried employment or executive office in the Company or such other company or predecessor in business; and the wives, widows, children, dependants or relations of any such persons. The receipt of any such gratuity pension or allowance shall not disqualify any person from being a director of the Company.

The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid or of any such persons as aforesaid and make payments for or towards the insurance of any such persons.

The Board may do any of the matters aforesaid either alone or in conjunction with any such other company.

4. Information on the Directors and others

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

Name	Date of Birth	Nationality	Function
David Lowe	10 September 1936	British	Non-Executive Chairman
John Henwood	27 August 1945	British	Non-Executive Director
Mel Carvill	26 August 1962	British	Non-Executive Director

The business address of each of the Directors is Bordeaux Services (Guernsey) Limited, P.O. Box 466, Bordeaux Court, Les Echelons, St. Peter Port, Guernsey, GY1 6AW.

4.2 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
David Lowe	Islands Insurance (Holdings) Limited; Commercial Company of the Channel Islands Ltd; Wheadon Holdings Limited; Farmers Re; A.A Reinsurance Company (Guernsey) Limited; Papilio Limited.	International Energy Group Limited; Cadic Holdings Limited; Heritage Insurance Management Limited (as Risk Management Limited); Barclays Finance Company (Guernsey) Limited; Lazard Channel Islands Group Limited; Connaught Insurance Company Limited; Johnson Fry Insurance Services (Guernsey) Limited; Island Communications Services Limited; Ann Street Group Limited; Bucktrout & Company Limited; Alfred Sheppard Limited; Bucktrout & Co (Alderney) Limited; Bunches Limited; Channel Islands Caterers Limited; Guernsey Brewery Co (1920) Limited; Guernsey Tobacco Co Limited; Guppys of Guernsey Limited; Hotel & Commercial Laundries Limited; Mackay & Company Limited; Marais Hall Limited; Martin & Phillips Limited; New Island Wide Limited; New Islands Wide Properties Limited; Sandy Hook Stores Limited; Select Dry Cleaning Limited; St Pierre Park Hotel Limited; C.L.B.S. Holdings Limited; C.I. Traders Limited; 24Seven Limited; Admiral Court Holdings Limited Admiral Court One Limited;

		Admiral Court Two Limited; Admiral Court Three Limited; Admiral Park Car Park Holdings Limited; Admiral Park Retail Holdings Limited; Admiral Park Superstore Holdings Limited; BKF Holdings (Guernsey) Limited; Blackbird Limited (was Chnl Pub Ltd); Bucktrout Wines & Spirits Limited; Channel Islands Finance Company Limited; Checkers (Guernsey) Limited; Clark's Holdings Limited; Commerce Holdings Limited; Commercial Properties Limited; ComProp Guernsey Limited; Cornwall Property Limited; Divad Limited; Drury Limited; Drury Two Limited; Easy Rent-a-Car Autolink Intl Limited; F Mallet & Son Limited; Flagship Holdings Limited; Flagship North Limited; Flagship South Limited; G Orange (Guernsey) Limited; Greenacres Hotel Limited; Guernsey Tobacco Company Limited; Guppy's Holdings Limited; Island Motor Company Properties Limited; Jeda Limited; L.S. Warry & Sons Limited; LDM Properties (Guernsey) Limited; Lefebvre Developments Limited; Longue Hougue Properties Limited; Martin & Phillips Limited; Martin O'Meara Limited; Oscar Holdings Limited; Perelle (2003) Limited; Perelle House Limited; Pitronnerie Properties Limited; Plaisance Holdings Limited; Playzone Limited; Pommier Limited; Property Services Limited; Safeway (Channel Islands) Limited; Safeway Stores (Guernsey) Limited; Sparrow Limited (was CR Gsy Ltd); St Clair Products and Holdings Limited; St Pierre Park Casino Limited; St Pierre Park Hotel Limited; Stampers Limited; Tennew Limited; The Guernsey Brewery Co (1920) Limited; The Wine Warehouse Limited; Thomas Hotels Limited; Trade Savers C.I. Limited; White Hart Limited; Woodpecker Holdings Limited; Mackay and Co (Alderney) Limited
John Henwood	Jersey Telecom Group Limited; Jersey Finance Limited; Kleinwort Benson CI Holdings Limited; Kleinwort Benson Private Bank Limited; Flying Brands Limited; Byerley Limited.	Com Prop Limited; Channel TV Group; ITV Network Limited & related subsidiary companies; On-Line Training Solutions Limited; Videopostcard Limited; Bourne Educational Software Limited; Bourne Training Systems Limited.
Mel Carvill	BSI Generali UK Limited (formerly Generali Portfolio Management (UK) Limited); BSI Generali UK No 2 Limited; Catholic National Mutual Limited; Generali France Assurances Generali International Limited; Generali Investments SpA;	Albula Verwaltungs-und Beteiligungs AG Assicurazioni Generali (Insurance Managers) Limited; BSI Generali Bank (CI) Limited Business Men's Insurance Company of America Inc; Finance Training Agency Limited; Gefina International Limited;

	Generali (Schweiz) Holding AG; Generali USA Life Reassurance Company Inc; Generali Verzekeringsgroep NV; Generali Worldwide Insurance Company Limited; Genirland Limited; Migdal Insurance Company Limited; MND Limited; PPF Partners Limited; PPF Partners 1 GP Limited; Tapestry Investment Company PCC Limited; Tenax Capital Limited;	Generali Investment Fund SICAV; Generali Investment Limited (formerly Generali Investment Management (Ireland) Limited); Generali Portfolio Managers Limited; Generali PPF Holding BV; Genesis Asset Managers Limited; GLL Real Estate Partners GmbH; GLL Real Estate Partners Inc; Migdal Insurance Holdings Limited; Migdal Investment Management 2001 Limited; Northern Star Insurance Company Limited; Palinuro Consultadoria & Marketing Lda; Shimson Insurance Company Limited; Sunfish Insurance PCC Limited; The Magen Insurance Company Limited.
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4.3 Save as set out in paragraph 4.2 above, none of the Directors has any business interests or activities outside the Company which are significant with respect to the Company.

4.4 Save as disclosed below or elsewhere in this document, none of the directors:

- 4.4.1 has any unspent convictions in relation to indictable offences;
- 4.4.2 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;
- 4.4.3 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;
- 4.4.4 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;
- 4.4.5 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
- 4.4.6 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.

4.5 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.

5. Remuneration of the Directors

5.1 The Directors are engaged by the Company under letters of appointment dated 28 November 2008, with the Company providing for each to act as a Non-executive director of the Company.

5.2 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.

5.3 Director's Remuneration

The Directors annual fees are:

Name	Annual Fee (£)
David Lowe	£25,000
John Henwood	£20,000
Mel Carvill	£20,000

The aggregate remuneration payable by the Company (including bonuses and benefits in kind) to the Directors in respect of the period ending 31 October 2009 under arrangements in force at the date of this document is expected to amount to approximately £65,000.

5.4 Save as set out in paragraph 5.1 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.

5.5 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. Advisers

6.1 The Administrator was incorporated as a limited liability company in Guernsey on 2 April 2004 with registered number 41777. 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 715167.

The Manager was incorporated as a limited liability company on 4 September 2008. 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 01481 729100.

7. Principal establishments

The Company's registered office and principal place of business is at PO Box 466, Bordeaux Court, Les Echelons, St. Peter Port, Guernsey, GY1 6AW. The Company's telephone number is + 44 (0) 1481 715167.

8. Pensions

The Company does not operate any pensions arrangements.

9. Arrangements relating to the Placing and the Lock-ins

9.1 The Placing Agreement

On 5 December 2008, the Company (1), the directors and the Investment Committee (2) and the Manager (3) entered into the Placing Agreement pursuant to which the Manager has agreed, conditionally upon, *inter alia*, Admission taking place not later

than 15 December 2008, 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. Lapwing Services Limited will receive payment equivalent to 1 per cent of the Placing Price of the Placing Shares from the Manager out of its placing fee.

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 15 December 2008 (or such later date as the Company and the Manager may agree not being later than 31 December 2008) 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.

9.2 Lock-ins

Under the lock-in provisions set out in the Placing Agreement, the directors and the Investment Committee (holding or being beneficially interested in 6,200,000 six million two hundred thousand Ordinary Shares in aggregate immediately following Admission) have agreed (subject to certain limited exceptions) not to dispose of any Ordinary Shares in which they are interested as at Admission, for a period of 1 year from the date of the Agreement. Save in the case of resignation or termination for cause, this undertaking ceases if a Director ceases to be an officer of the Company or if a member of the Investment Committee ceases to be engaged by the Manager. The Directors and the Investment Committee are permitted to transfer Ordinary Shares to each other.

9.3 Property Companies Acquisition Agreement

Under the terms of the Property Companies Acquisition Agreement, the Company has agreed, conditional on Admission, to acquire the entire issued share capitals of the Property Companies, which are the registered holders of Initial Property Portfolio. The consideration is to be satisfied partly by the payment of £20,000,000 in cash and by the allotment to Jester 1 Limited of 4,000,000 Ordinary Shares.

10. Guernsey taxation

10.1 The Company

Guernsey currently does not levy taxes upon capital inheritances, capital gains (with the exception of a dwelling profit tax), 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 will apply for and expects to be granted exempt status for Guernsey tax purposes.

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 exempt from tax in Guernsey 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.

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey has agreed to abolish exempt status for the majority of companies with effect from January 2008 and to introduce a zero rate of tax for companies carrying on all but a few specified types of regulated business. However, the States of Guernsey has also agreed that because collective investment schemes, including closed-ended investment vehicles, were not one of the regimes in Guernsey that were classified by the EU Code of Conduct Group as being harmful, that collective investment schemes and closed ended investment vehicles will continue to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007. It is intended that the Company will apply for and be granted exempt status after 1 January 2008.

Document duty is payable on the creation or increase of authorised share capital, at the rate of one half of one per cent of the nominal value of the authorised share capital, of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of a company. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares.

10.2 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 Administrator will provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator 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.

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. However, paying agents located in Guernsey are not required to operate the measures on distributions made to shareholders by closed ended investment companies established in Guernsey.

11. Material contracts and related party transactions

11.1 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 any member of 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 any member of 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 9.1 above;
- (2) lock-in arrangements, as described more fully in paragraph 9.2 above;
- (3) The Investment Management Agreement dated 3 December 2008 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.

Under the Investment Management Agreement, the Manager will receive a management fee and may receive a performance fee dependent upon performance as described in paragraph 3 of Part II of this document. The Company will also reimburse the Manager in respect of reasonable out of pocket expenses and certain other expenses incurred by the Manager in carrying out its duties under the Investment Management Agreement.

Subject to this restriction and to the conflict management arrangements described in paragraph 6 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 Investment Management Agreement may also be terminated on shorter notice in circumstances where, inter alia,:

- there is a commencement of a winding-up of one of the parties or any other similar event of insolvency;
- the Manager, ceases to be licensed and regulated in the conduct of its business;
- at the Manager's option in the event of a change of control of Cenkos Securities Plc.

The Manager has entered into an agreement with Lapwing Services Limited for the provision of the services of Thomas Hays Scott and Thomas Richard Scott as members of the Investment Committee. The agreement is terminable in the same circumstances as the Investment Management Agreement. In consideration for the provision of the services of Messrs Thomas Hays Scott and Thomas Richard Scott, Lapwing Services Limited will receive amounts equal to (a) one third of the placing fee receivable by the Manager under the Placing Agreement; (b) 40 per cent. of the management fee and 40 per cent. of the performance fee receivable by the Manager under the Investment Management Agreement.

The Manager has entered into an agreement with Rise Rocks Limited for the provision of the services of Peter Tom as a member of the Investment Committee. The agreement is terminable in the same circumstances as the Investment Management Agreement. In consideration for the provision of the services of Mr Peter Tom, Rise Rocks Limited will receive amounts equal to (a) 10 per cent of the management fee; and (b) 10 per cent. of any performance fee earned by the Manager under the Investment Management Agreement.

- (4) The Administration Agreement dated 3 December 2008 between the Company and the Administrator where by the Administrator has been appointed to provide day to day administration, custodial and secretarial services to the Company. In consideration for its services under this

agreement and for acting as Registrar, the Administrator will receive an administration fee of 0.15 per cent. of the Company's NAV subject to an annual minimum of £65,000 and £8,000 per subsidiary company. The Administration Agreement is terminable by either party giving not less than 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 Agreement contains provisions limiting the liability of the Administrator for any loss or damage, suffered or incurred by the Company howsoever arising in connection with the Administrator's duties under the Administration Agreement, save where such losses arise from negligence, fraud or wilful default on the part of the Administrator. The Company also indemnifies the Administrator against losses suffered or incurred by the Administrator in connection with the Administrator's duties under the Administration Agreement, save where such losses arise as a result of the negligence, fraud or wilful default of the Administrator.

- (5) The Registrar Agreement dated 3 December 2008 between the Company and Bordeaux Services (Guernsey) Limited (the "Registrar") whereby the Registrar has agreed to act as registrar to the Company. The Registrar Agreement is terminable by either party giving not less than 3 months' notice in writing and on certain other circumstances, including material breach of the agreement by either party. The Company indemnifies the Registrar and its agents, officers and employees ("Indemnified Parties") from and against any and all liabilities which may be suffered or incurred by any Indemnified Party arising out of or in connection with the performance of their duties under the Agreement save where such liability arises in respect of the fraud or negligence or wilful default or material breach of this agreement.
- (6) Property Companies Acquisition Agreement dated 3 December 2008 is between the Company and the Vendor. The Vendor has agreed conditional upon Admission, to the sale of the entire issued share capitals of the Property Companies. The total consideration payable is £24,000,000. The agreement contains warranties granted by the Vendor in favour of the Company. The agreement also contains covenants to pay the costs of the Company in respect of the acquisition of Commerce Holdings Limited in August 2007 and certain property transactions to which this company is a party prior to Admission.

11.2 Inspection of documents

The following material contracts and documents may be inspected between the hours of 9.00 a.m. to 5.00 p.m. for one month at P.O. Box 466, Bordeaux Court, Les Echelons, St Peter Port, Guernsey, GY1 6AW:

- Memorandum and Articles of Incorporation of the Company;
- Copies of all material contracts referred to above; and
- Any reports or documents referred to herein.

11.3 Related party transactions

Thomas Hays Scott is the Chairman and non-executive director of Cenkos Channel Islands Limited. Susie Farnon is a non-executive director of both Cenkos Channel Islands Limited and Cenkos Channel Islands Investment Management Limited. Jonathan Ravenscroft is a director and chief executive of Cenkos Channel Islands Limited.

11.4 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.

12. 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 12 (twelve) 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.

13. General

- 13.1 The total costs and expenses including commissions relating to Admission and Placing are £1,707,500 and is payable by the Company. The estimated net cash proceeds accruing to the Company from the Placing of the New Ordinary Shares is £48.29 million (assuming that the maximum number of New Ordinary Shares are issued by the Company as part of the Placing).
- 13.2 Ozannes Securities Limited has 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. Ozannes Securities 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.
- 13.3 Cenkos Channel Islands Investment Management Limited has 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. Cenkos Channel Islands Investment Management 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.
- 13.4 C.B. Richard Ellis Limited has 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. C.B. Richard Ellis 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.
- 13.5 Montagu Evans LLP has 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 is included. Montagu 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.
- 13.6 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.
- 13.7 The Placing Price is payable in full in cash on acceptance.
- 13.8 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.
- 13.9 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 13.10 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.

- 13.11 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.
- 13.12 Save as disclosed in paragraphs 9 and 11 above, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document and trade suppliers) in the 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 £10,000 or more;
 - (2) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (3) any other benefit with a value of £10,000 or more at the date of Admission.
- 13.13 The Placing Price is payable in full in cash on acceptance. Monies received from applicants pursuant to the Placing will be held by the Manager 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 2008 (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.
- 13.14 The Company has not had any employees since its incorporation and, as at the date of this document, the Company does not have any subsidiaries.
- 13.15 The Manager is or may be 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.
- 13.16 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.

14. Unaudited balance sheet

The following table comprises an unaudited opening balance sheet of the Company as at 5 December 2008:

	£
<u>Current Assets</u>	
Subscription	1
<u>Equity</u>	
Share capital (1 ordinary share of no par value)	
Share premium	1
	<hr/>
	1
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Copies of this document are available for collection free of charge during normal office hours on any day (except Saturday, Sunday, bank and public holidays in

Guernsey) from Bordeaux Services (Guernsey) Limited, P.O. Box 466, Bordeaux Court, Les Echelons, St Peter Port, Guernsey, GY1 6AW for a period of one month from Admission.

Dated: 5 December 2008

DEFINITIONS

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

“Adjusted Closing NAV”	the Adjusted NAV at the end of a performance period;
“Adjusted Closing NAV per Ordinary Share”	the Adjusted Closing NAV divided by the number of Ordinary Shares in issue at that time;
“Adjusted NAV”	the NAV of the Company adjusted by (i) not taking into account any liability of the Company for accrued performance fees and accrued advisory fees and (ii) after adding back an amount equal to any dividends or distributions (including distributions of capital) declared during an accounting period to Shareholders;
“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 association of the Company to be adopted prior to Admission, details of which are set out in paragraph 3 of Part VII of this document;
“Audit Committee”	means the committee consisting of Mel Carvill, John Henwood and David Lowe 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 auditors 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;
“CISX”	The Channel Islands Stock Exchange, LBG;
“Cenkos CI”	Cenkos Channel Islands Limited registered with company number 42966;
“Company”	Bailiwick Investments Limited, a closed-ended investment company incorporated with limited liability under the laws of Guernsey with registered company number 49479;
“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;

“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;
“FSMA”	means the UK Financial Services and Markets Act 2000;
“GFSC”	the Guernsey Financial Services Commission;
“High Watermark”	the highest previously recorded Opening NAV per Ordinary Share as reduced by the sum of all dividends and distributions per Ordinary Share since the date such highest Opening NAV per Ordinary Share was established;
“Hurdle NAV per Ordinary Share”	means: <ul style="list-style-type: none"> • in the first accounting period a hurdle rate applied to the Opening NAV per Ordinary Share at Admission equal to 2.00 (two) per cent. per annum over the average Bank of England base rate for such period, in force at Admission and adjusted thereafter on the last day of January, April, July and October in that period; • for each subsequent accounting period after Admission a hurdle rate applied to the Opening NAV per Ordinary Share for that period equal to 2.00 (two) per cent. per annum over the average Bank of England base rate on the last day of January, April, July and October of that period;
“Initial Property Portfolio”	the two properties owned by the Property Companies which are to be acquired by the Company from the Vendor immediately after Admission, as more fully described in Part V of this document;
“Interested Party”	any Company within Cenkos Channel Islands Investment Management Limited’s group;
“Investment Committee”	Thomas Hays Scott, Thomas Richard Scott, Peter Tom and Jonathan Ravenscroft;
“IPO”	means Initial Public Offerings and the term “IPOs” shall be construed accordingly;
“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;
“Management Engagement Committee”	means the committee consisting of David Lowe, John Henwood and Mel Carvill which will be responsible for reviewing the performance of the Manager;
“Manager”	Cenkos Channel Islands Investment Management Limited registered with company number 49397;
“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;
"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);
"Official List"	the Official List of the CISX;
"Opening NAV per Ordinary Share"	the NAV of the Company at the beginning of a performance period divided by the number of Ordinary Shares in issue at the time or the High Watermark (if higher) as increased by the Hurdle NAV per Ordinary Share reduced by the sum of all dividends and distributions declared per Ordinary Share in the preceding final period;
"Ordinary Shares"	ordinary shares of no par value each in the share capital of the Company;
"Placing"	the conditional placing of the Placing Shares by Cenkos Channel Islands Investment Management Limited, at the Placing Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 3 December 2008 between the Company (1) Cenkos Channel Islands Investment Management Limited (2), and the Board and Investment Committee (3), further details of which are set out in paragraph 11 of Part VII of the document;
"Placing Price"	100p per Ordinary Share;
"Placing Proceeds"	the aggregate cash proceeds of the Placing;
"Placing Shares"	up to 50 million Ordinary Shares to be allotted pursuant to the Placing;
"POI Law"	The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended;
"Properties"	the properties comprised in the Initial Property Portfolio, as more fully described in Part VI of this document, or any of them as the context requires;
"Property Companies"	means Commerce Holdings Limited (company number: 3604) and Column Holdings Limited (company number:46875);
"Property Companies Acquisition Agreement"	means the conditional share acquisition agreement between the Company (1) and C.I. Investments Limited (2) in respect of the entire issued share capitals of Column Holdings Limited and Commerce Holdings Limited;
"Property Portfolio"	the direct and indirect property assets of the Company from time to time;
"Register"	the register of Members of the Company kept pursuant to the Law;

“Reporting Accountants”	Grant Thornton Limited;
“Secretary’s Office”	P.O. Box 466, Bordeaux Court, Les Echelons, St. Peter Port, Guernsey, GY1 6AW;
“Shareholders”	registered holders of Ordinary Shares and the term “Shareholder” shall be construed accordingly;
“subsidiary”	as defined in the Law;
“Subscriber”	Cenkos Channel Islands Limited;
“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
“Vendor”	means C.I. Investments Limited (company number: 48).