

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities (or your broker, bank manager, solicitor, accountant or other financial adviser) before taking any action.**

This document does not constitute a prospectus under the Prospectus Rules published by the Financial Services Authority and has not been approved by or filed with the Financial Services Authority or with any other competent authority within the European Economic Area.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and is true and accurate in all material respects and there is no information the omission of which is likely to affect the import of such information. The Directors accept responsibility individually and collectively for the contents of this document accordingly.

The Ordinary Shares of the Company are admitted to trading on AIM, a market operated and regulated by the London Stock Exchange plc. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

**The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and your attention is drawn to the risk factors set out in Part II of this document. Investment in the Company will involve certain risks and special considerations:**

- (1) investors should be able and willing to withstand the loss of their entire investment; and**
- (2) the investments of the Company are subject to market fluctuations and the risks inherent in all investments and there can be no assurance that an investment will retain its value or that appreciation will occur.**

**It should be remembered that the price of securities and the income from them can go down as well as up.**

---

## **ACP CAPITAL LIMITED**

*(a public company incorporated with limited liability under the laws of Jersey under registration number 91066)*

### **Placing by Collins Stewart Europe Limited Nominated Advisor and Broker**

### **Of 120,000,000 Ordinary Shares at 125 pence per Ordinary Share**

### **20 March 2007**

---

Collins Stewart Europe Limited ("**Collins Stewart**"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as Nominated Adviser and Broker exclusively for the Company. Collins Stewart is acting on behalf of the Company in connection with the Placing and no one else. Collins Stewart will not be responsible to anyone other than the Company for providing the protections afforded to proposed clients of Collins Stewart or for providing advice in relation to the matters contained in this document. The responsibilities of Collins Stewart as Nominated Adviser and Broker are owed solely to the London Stock Exchange plc and to no one else. Collins Stewart has not authorised the contents of this document.

The Ordinary Shares have not been, nor will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), any state securities laws in the United States or under any applicable securities laws of Australia, the Republic of South Africa, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Australia, the Republic of South Africa, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). Collins Stewart may arrange for the offer and sale of the Ordinary Shares in the United States to persons reasonably believed to be qualified institutional buyers as defined in Rule 144A under the Securities Act in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or to US persons in offshore transactions meeting the requirements of Regulation S of the Securities Act. Subject to certain exceptions, this document must not be mailed or otherwise distributed or sent to or into the United States, Australia, the Republic of South Africa, Canada or Japan (including their territories, possessions and all areas subject to their jurisdiction) or to or by any natural resident or citizen of such countries or any other country where its distribution would require compliance by the Company with any governmental or regulatory procedure or any similar formalities.

This document does not constitute an offer for, or the solicitation of an offer to subscribe for or buy, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom into whose possession this document comes are required by the Company and Collins Stewart to inform themselves about and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or Collins Stewart that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where actions for that purpose is required. The Ordinary Shares are subject to restrictions on transfer, and may not be re-offered, re-sold, pledged or otherwise transferred except as permitted by the Articles and as provided in this document.

The Placing Shares will rank in full for dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all respects with the existing Ordinary Shares. The Placing Shares will not qualify for the dividend declared by the Company for the period ended 31 December 2006.

A copy of this document has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order, 1958 to the issue of the Ordinary Shares in the Company. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies in Jersey nor the Jersey Financial Services Commission (the "**Commission**") takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. The Directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in this document, whether of fact or opinion. All the Directors accept responsibility accordingly. The Company is governed by the Collective Investment Funds (Jersey) Law 1988, as amended (the "**Funds Law**") and the subordinate legislation made thereunder. The Company, the Corporate Administrator, and the Registrar have obtained permits under Article 5 of the Funds Law from the Commission to operate as functionaries within the Island. The Commission is protected by the Funds Law against liability arising from the discharge of its functions under the Funds Law.

The minimum consideration payable upon the Placing by any underlying beneficial investor for the Ordinary Shares is £20,000.

The Placing is conditional upon the Company receiving the approval of the Commission pursuant to the Control of Borrowing (Jersey) Order 1958 (as amended). The Company is not and will not be registered under the United States Investment Company Act of 1940, as amended. Accordingly, there may be restrictions on the number of US residents that may be beneficial owners of the Ordinary Shares.

Copies of this document which is dated 20 March 2007 will be available free of charge to the public during normal business hours on any day (except Saturdays, Sundays and public holidays) from the registered office of the Company and from the offices of Collins Stewart at 9th Floor, 88 Wood Street, London EC2V 7QR from the date of Placing for not less than one month thereafter.

## NOTICE TO UK AND EEA INVESTORS

This document is addressed only to and directed at persons in member states of the European Economic Area (“EEA”) who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive (“Qualified Investors”). In addition, in the United Kingdom, this prospectus is only being distributed to and is only directed at (1) Qualified Investors who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or high net worth entities falling within Article 49(2)(a)-(d) of the Order or (2) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). The Placing Shares are only available to (and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with) (1) in the United Kingdom, relevant persons and (2) in any member state of the EEA other than the United Kingdom, Qualified Investors. This document and its contents should not be acted upon or relied upon (1) in the United Kingdom, by persons who are not relevant persons, or (2) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a Relevant Member State) who receives any communication in respect of, or who acquires any Placing Shares pursuant to the Placing, will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor; and in the case of any Placing Shares acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Shares acquired by it pursuant to the Placing have only been acquired on behalf of Qualified Investors. The Company and Collins Stewart are relying upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

## CONTENTS

	<i>Page</i>
<b>Definitions</b>	<b>7</b>
<b>PART I Information about the Group</b>	<b>10</b>
<b>PART II Risk Factors</b>	<b>23</b>
<b>PART III Report and Financial Statements of the Group for the period ended 31 December 2006</b>	<b>36</b>
<b>PART IV Additional Information</b>	<b>50</b>

## DIRECTORS, SECRETARY AND ADVISERS

### Directors

Derek Vago, *Chief Executive Officer*  
Alan Braxton, *Non-Executive Director*  
François Georges, *Non-Executive Director*  
Heiner Kamps, *Non-Executive Director*  
Craig Stewart, *Non-Executive Director*  
Hilary Valentine, *Non-Executive Director*  
Eric Youngblood, *Executive Director*  
Nikolaj Larsen, *Executive Director*

*All of: Ordnance House*  
31 Pier Road  
St Helier  
Jersey  
JE4 8PW  
Channel Islands

### Registered Office and Principal Place of Business

Ordnance House 31 Pier Road  
St Helier  
Jersey  
JE4 8PW  
Channel Islands

### Investment Advisor

ACP Capital UK LLP  
Macmillan House  
96 Kensington High Street  
London W8 4SG  
United Kingdom

### Nominated Adviser and Broker to the Company

Collins Stewart Europe Limited  
9th Floor  
88 Wood Street  
London EC2V 7QR  
United Kingdom

### Reporting Accountants and Auditors to the Company

Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London EC1M 7AD  
United Kingdom

### Solicitors to the Company as to English Law

Mishcon de Reya  
Summit House  
12 Red Lion Square  
London WC1R 4QD  
United Kingdom

### Solicitors to the Company as to Jersey Law

Walkers Global  
P O Box 72  
44 Esplanade  
St Helier  
Jersey  
JE4 8PN

### U.K. Solicitors to the Placing

Nabarro  
Lacon House  
84 Theobald's Road  
London WC1X 8RW  
United Kingdom

<b>U.S. Solicitors to the Placing</b>	Pepper Hamilton LLP 420 Lexington Avenue Suite 2320 New York, NY 10170 USA
<b>Secretary</b>	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW
<b>Corporate Administrator</b>	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW
<b>Registrar</b>	Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road St Helier Jersey JE4 8PW
<b>Bankers of the Company</b>	Deutsche Bank International Limited PO Box 727 St Paul's Gate New Street St Helier Jersey JE4 8ZB Channel Islands

## EXPECTED TIMETABLE OF EVENTS

CREST Accounts expected to be credited in respect of Ordinary Shares issued in uncertified form	23 March 2007
Certificates in respect of Ordinary Shares issued in certified form expected to be dispatched	By 13 April 2007

## PLACING STATISTICS

Placing Price	125p
Number of Ordinary Shares being Placed	120,000,000
Number of Ordinary Shares in issue immediately following the Placing	199,531,941
Market capitalisation of Company upon the Placing (taking the closing middle market price of an Ordinary Share on AIM of 124.5p on 15 March 2007)	£248,417,266.55

All dates referred to in this document are subject to change at the discretion of the Company and Collins Stewart.

## DEFINITIONS

<b>“ACP Capital UK LLP”</b>	the Company’s UK-based mandated adviser
<b>“ACP Cyprus”</b>	ACP Capital (Cyprus) Limited, a wholly owned subsidiary of the Company which is registered in Cyprus and was previously called Kolmert Investments Limited
<b>“ACP Mezzanine”</b>	ACP Mezzanine Limited, which is a Managed Vehicle specialising in sub-investment grade lending in the SME sector
<b>“Admission Document”</b>	the admission document of the Company dated 20 December 2005 relating to the admission of the Ordinary Shares then in issue to trading on AIM
<b>“AGM” or “Annual General Meeting”</b>	the annual general meeting of the Company held on Wednesday 28 February 2007
<b>“AIM”</b>	the AIM market of the London Stock Exchange
<b>“AIM Rules”</b>	the rules for AIM companies and their nominated advisers in force at the date of this document issued by the London Stock Exchange
<b>“Articles”</b>	the Company’s articles of association
<b>“Asset Management”</b>	the management of third-party external capital through a management agreement or similar arrangement
<b>“CDO”</b>	a collateralized debt obligation, being a structured repackaging of debt obligations
<b>“Collins Stewart”</b>	Collins Stewart Europe Limited
<b>“Companies Law”</b>	Companies (Jersey) Law 1991, as amended
<b>“Company” or “ACP Capital”</b>	ACP Capital Limited
<b>“CREST”</b>	the electronic settlement system operated by CRESTCo Limited, which facilitates the transfer of title to shares in uncertificated form
<b>“Directors”</b>	the directors of the Company whose names are set out on page 4 of this document
<b>“EBTDA”</b>	earnings before tax, depreciation and amortisation
<b>“Eurinvest”</b>	Eurinvest Finanza Stabile Srl
<b>“FSA”</b>	the Financial Services Authority of the United Kingdom
<b>“Funding Facilities” or “Facilities”</b>	the Company’s financing capabilities, including, <i>inter alia</i> the IGV and the SDV
<b>“Group”</b>	the Company, together with each subsidiary and holding company of the Company and each subsidiary of such holding company, in each case for the time being, including ACP Capital UK LLP
<b>“Group Company”</b>	any company in the Group
<b>“IFR Capital”</b>	IFR Capital PLC

<b>“IGV”</b>	the Company’s intended investment grade funding vehicle, which is intended to finance assets at the equivalent of AAA to BBB ratings
<b>“Integrated Finance”</b>	the provision of a combination of equity, mezzanine and/or senior debt in a given transaction
<b>“Intended Development Plans”</b>	the Company’s stated plans for the future development of its Strategic Platforms and Funding Facilities, its Managed Vehicles and the Company’s operational expansion (including new offices and future staff hires)
<b>“IRR”</b>	the rate which, when applied to the net proceeds of a realised investment, would discount those net realised proceeds back from their date of receipt to the date of their investment to a net present value of zero
<b>“KFRI”</b>	Kamps Food Retail Investments S.A.
<b>“London Stock Exchange”</b>	The London Stock Exchange plc
<b>“Managed Vehicles” or “MV(s)”</b>	the Company’s managed vehicles with which the Company or a member of the Group has an asset or investment management agreement
<b>“New Admission”</b>	the admission of the Placing Shares to trading on AIM
<b>“Nordsee”</b>	Nordsee GmbH
<b>“Official List”</b>	the Official List of the London Stock Exchange
<b>“Ordinary Shares”</b>	ordinary shares of 0.1p each in the capital of the Company
<b>“Pfandbrief”</b>	bonds issued by German mortgage banks which are collateralized by a pool of long-term real estate assets (also known as “Covered Bonds”)
<b>“Placing”</b>	the proposed Placing of new Ordinary Shares on a non-pre-emptive basis which the Company intends to undertake to raise £150 million
<b>“Placing Shares”</b>	means 120 million Ordinary Shares to be issued by the Company pursuant to the Placing
<b>“SDV”</b>	the Company’s intended senior debt underwriting vehicle, providing leveraged loan underwriting capabilities
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“SMEs”</b>	small and medium size enterprises
<b>“Special Resolutions”</b>	the special resolutions approved at the AGM
<b>“Strategic Platform” or “SP”</b>	origination platform through which the Company and its Managed Vehicles can provide financing to specific market sectors
<b>“TSR”</b>	a measurement of the performance of shares over a given time period, usually combining share price appreciation and dividends paid to show the total return to the shareholder

<b>“UK Listing Authority”</b>	the FSA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Year 1”</b>	the calendar year 2006 (the Company’s first year of operations)
<b>“Year 2”</b>	the calendar year 2007 (the Company’s second year of operations)
<b>“Year 3”</b>	the calendar year 2008 (the Company’s third year of operations)

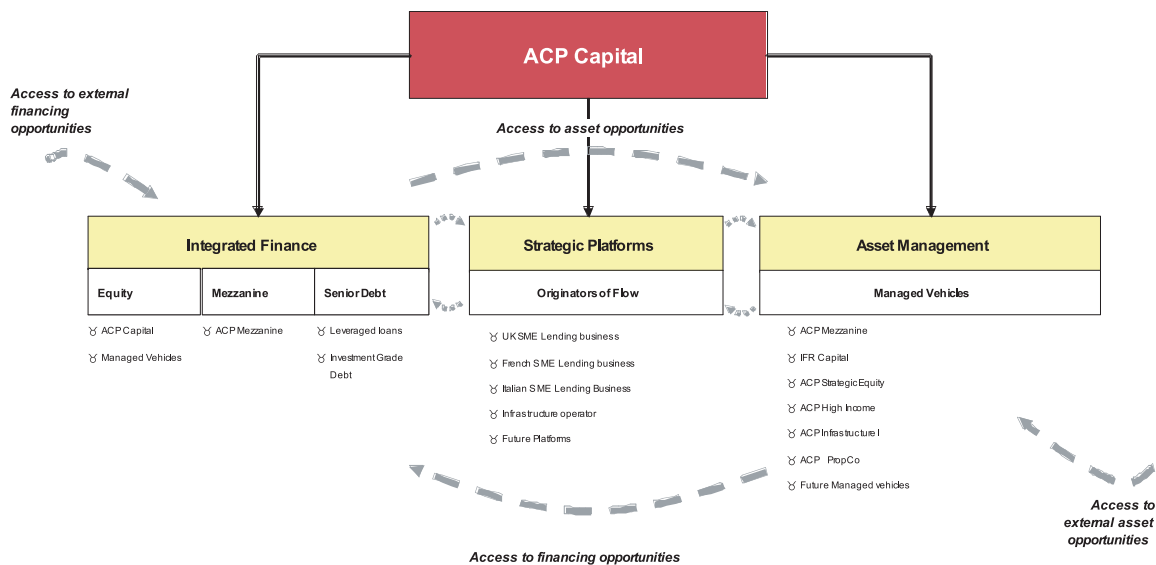
# PART I

## INFORMATION ABOUT THE GROUP

### 1. Background Information of the Group

#### Overview

The Company's shares then in issue were admitted to trading on AIM in January 2006 with the stated intention of creating a specialised integrated finance and asset management business focusing on both the asset backed and non-asset backed sectors in the European SME market. As part of this objective, the Company intends to offer a wide range of financing solutions from equity funding through to mezzanine and senior debt.



**Figure 1.** Overview of ACP Capital's proposed Integrated Finance strategy

The Company's activities to date have been funded through initial seed funding of approximately £7.1 million for 14,194,018 Ordinary Shares, a placing of 50,000,000 Ordinary Shares at the time of the Company's admission to AIM in January 2006 that raised approximately £50 million (before costs), and a further £15 million (before costs) raised by way of a placing of 13,043,479 Ordinary Shares in December 2006. At the Annual General Meeting held on 28 February 2007, Special Resolutions were passed by Shareholders to increase the authorised share capital of the Company from £100,000, divided into 100,000,000 Ordinary Shares of £0.001 each, to £350,000, divided into 350,000,000 Ordinary Shares of £0.001 each, of which 79,531,941 Ordinary Shares are in issue and fully paid as at the date of this document.

### 2. First Year of Operations

In its first year of operations, the Company stated that, amongst other objectives, it intended to develop a dedicated mezzanine vehicle, alongside the initiation of the Company's SME focus, with particular emphasis on the German market.

In May 2006, the Company undertook its first Integrated Finance transaction in the European SME sector, investing approximately €3.3 million to acquire approximately 12.2 per cent of the equity of KFRI, providing a €9.25 million holding company corporate loan to KFRI (which has since been repaid) and simultaneously acquiring €20 million of mezzanine facilities to finance KFRI's growth. KFRI is focused on investing in German SME food businesses. It is operationally managed by Heiner Kamps, who is also a non-executive Director of the Company.

Since making its investment in KFRI, the Company has assisted KFRI's management in developing its growth strategy, leading to the admission to trading on AIM of IFR Capital and IFR Capital's subsequent acquisition of 100 per cent of the issued share capital of KFRI. This is expected to be followed by further acquisitions in the food sector. The Group is a sponsor, investment manager and significant shareholder of IFR Capital and, following the sale of KFRI to IFR Capital, members of the Group hold, directly and indirectly, 17.1 per cent of the issued share capital of IFR Capital. ACP Capital receives, as investment manager, a management fee equalling €1.5 million for the first year of IFR Capital's operation and 0.3 per cent of IFR Capital's enterprise value in subsequent years. The Company will also participate in a performance-based share option scheme in IFR Capital. If IFR Capital achieves certain performance milestones (which relate to shareholder returns) the Company will be awarded options equating to one third of 6.5 per cent of the issued share capital in each of the first three years of IFR Capital's operation. It is intended that each set of options will vest over three years.

The Company also participated, alongside ACP Mezzanine (described below), in underwriting an €80 million refinancing of the Nordsee business owned by KFRI which, together with the Company's Managed Vehicles, illustrates the Company's Integrated Finance capabilities. In parallel, it is the Directors' belief that IFR Capital has provided an important inroad for the Company into the German SME market where the Directors believe that further opportunities exist for the continued roll-out of the Integrated Finance platform.

The Company's management team is experienced in strategic equity investments (as described in the paragraph below headed "Directors"). The investment in and subsequent sale of KFRI to IFR Capital (whereby the Company received IFR Capital shares as payment), would generate a profit multiple in excess of five times should the shares be sold at the closing share price on 16 February 2007. This strategic investment represents the only strategic investment transaction completed by the Company to date, so it is not necessarily representative and no assurance can be given that the Company will be able to replicate this success in its other investments and business strategies. Past success is not a guarantee of future performance.

ACP Mezzanine was launched in July 2006. ACP Mezzanine is a Jersey-incorporated public company whose shares are admitted to trading on AIM and whose strategy is to operate as a mezzanine lender: originating, structuring and underwriting the majority of its mezzanine investments. The Company is a significant shareholder in ACP Mezzanine, holding approximately 46 per cent of its issued share capital. ACP Mezzanine's investment strategy is implemented and managed by a Group Company through an investment management agreement. As investment manager, the Group Company receives an annual management fee of 1.75 per cent of gross shareholders' equity and a performance fee equivalent to 25 per cent of returns above a benchmark return (with a minimum of 2 per cent. per quarter).

On 1 February 2007, ACP Mezzanine announced its preliminary year end results for the period from 31 May 2006 to 31 December 2006, announcing revenue of €3.0 million and a profit for the period of €2.0 million. ACP Mezzanine's directors have recommended a dividend of €0.02 per share, which exceeds the minimum targeted level of €0.01 per share stated in ACP Mezzanine's AIM admission document of July 2006. In addition, ACP Mezzanine originated €62.5 million of investments during the same period, which translates to an annualised run-rate origination volume of approximately €145 million, approximately 20 per cent above ACP Mezzanine's year 1 target of €125 million as stated in its admission document. ACP Mezzanine continues to focus on the sub-investment grade market across all sectors and has the ability to underwrite up to €75 million per transaction.

The Company's preliminary results for the period ended 31 December 2006 are described below in the paragraph headed "Preliminary Results for the period ended 31 December 2006" and are set out in Part III of this document. The Company has declared its intention to pay a dividend of 3p per Ordinary Share for Year 1 compared with the target of 2p per Ordinary Share as stated in its Admission Document. Ordinary Shares issued in relation to the secondary placing carried out in December 2006 and trading under the ticker APLR are not eligible to receive this dividend. The Placing Shares will also not be eligible to receive this dividend.

### **3. Intended Development Plans**

#### ***Rationale for the Intended Development Plans***

In order for the Company to develop further its Integrated Finance and Asset Management business in the European SME market, the Company has established plans for the intended development of its Strategic Platforms, Funding Facilities and Managed Vehicles. In progressing its Intended Development Plans, the Company has entered into advanced discussions or heads of terms in relation to a number of potential investments or joint ventures as described below. In addition, the Company is developing its infrastructure in continental Europe with the intention of opening offices in Milan and Munich, which is also described below. The Company may also consider acquisitions or investments, as originally stated in the Admission Document, in complementary asset management businesses. The Directors believe that the successful implementation of the Intended Development Plans would allow the Company to:

- establish its presence as a specialised Integrated Finance provider in the European SME market where the Directors believe a significant market opportunity exists;
- offer, through its own and its Managed Vehicles' funding facilities, a comprehensive range of financing alternatives to the SME market;
- broaden, through additional Strategic Platforms, the origination of investment and funding opportunities for itself and its Managed Vehicles; and
- achieve substantial revenue diversification, with a particular focus on the expansion of cash revenue primarily from its asset management business and funding lines, targeted to represent in excess of 50 per cent. of total revenue by the end of Year 3 (please see the section 'Anticipated financial effects of the Intended Development Plans' below).

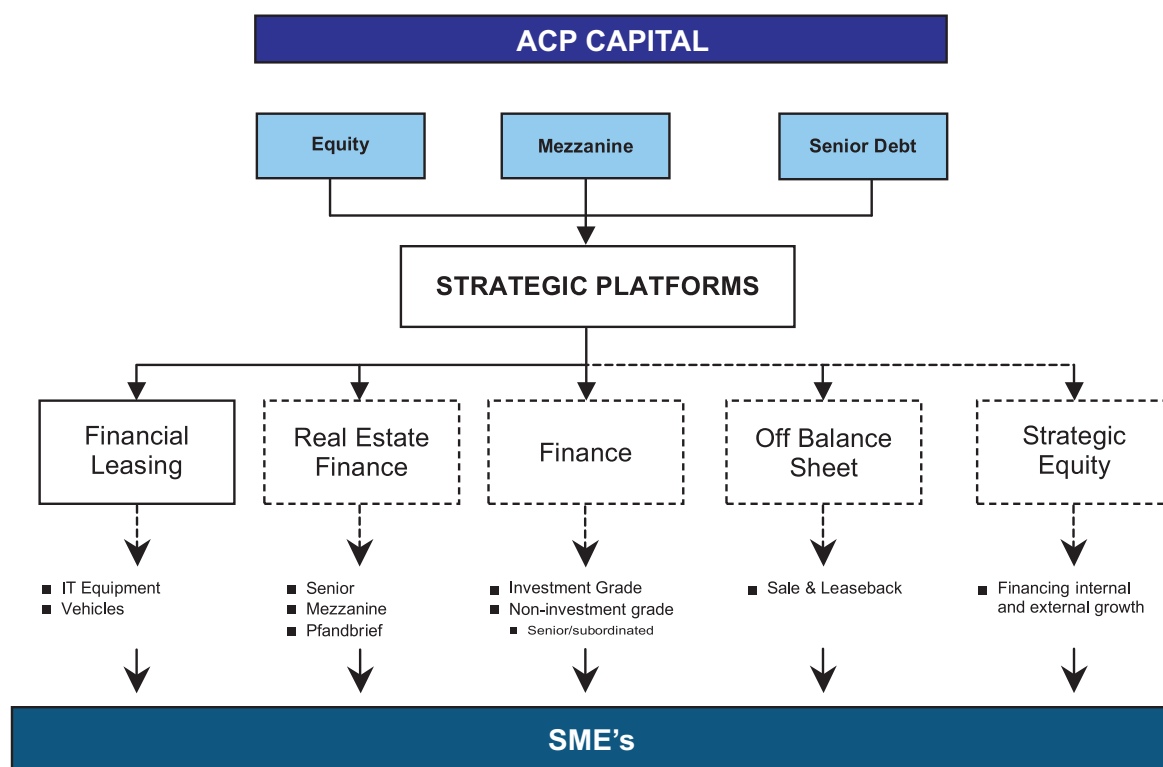
In order to implement the Intended Development Plans, the Company proposes to raise approximately £150 million in the Placing.

The Company is also considering a possible move to the Official List of the London Stock Exchange.

#### ***Intended development of Strategic Platforms and Funding Facilities***

The Company set out as an objective in its Admission Document the development of Strategic Platforms (the "SPs"). These targeted vehicles, in which the Company may take significant minority equity stakes, would take the form of origination platforms focusing primarily on the provision of a series of financing products to the SME sector. The Company believes that it could, as a preferred funder, provide competitive financing to enable these SPs to expand their various loan products into areas such as senior and subordinated corporate loans (secured and unsecured), off balance sheet financing (i.e. sale-leasebacks), and equipment financing (such as IT hardware, telecommunications and motor vehicles). By enabling such SPs to increase their product ranges, the Company should seek to benefit from an ongoing source of funding origination that it is hoped will provide a flow of opportunities for its Funding Facilities and its Managed Vehicles. The Directors believe that the Company would also benefit, as a shareholder, from any potential increase in the equity value of these SPs. However, equity investments inherently carry a high degree of risk and it is also possible that such investments could decline in value.

**Figure 2:** Illustrative example of how the Company and its Managed Vehicles could potentially finance an SME focused Strategic Platform



In order to fulfil this objective, the Company intends to utilize a significant portion of the funds raised in the Placing to (a) invest in SPs and (b) put in place the required senior Funding Facilities to finance the origination flow generated by such SPs. The Directors believe that these Facilities, when combined with the capabilities of ACP Mezzanine and the Company’s current equity funding capabilities, will enable the Company to provide an extensive finance offering relevant to its key target markets. This should allow the Company to undertake transactions of up to approximately €250 million in size on a sole basis, comprising up to approximately €150 million senior debt and up to approximately €25 million of equity capital and, through ACP Mezzanine, mezzanine lending capabilities of up to approximately €75 million per transaction. These Facilities should also enable the Company to develop specific funding programmes for the various SPs from which the Directors believe that the Company could target funding flow to the Facilities of approximately €500 million by the end of Year 2 and in excess of €750 million by the end of Year 3.

### **Strategic Platform initiatives**

In expectation of the Placing raising approximately £150 million, the Company is currently actively pursuing the following SP initiatives whilst working with external investment banks to identify further opportunities for Strategic Platforms in key markets such as the UK, France, Italy and Germany.

**UK SME focused finance business:** The Company intends to allocate approximately £30 million to invest in a strategic equity stake in at least one UK finance business. The Company is currently in discussions with two such companies with a view to taking a minority equity stake and/or providing a series of financing facilities funded through the Facilities and ACP Mezzanine. The Company has recently announced that it has acquired a shareholding in excess of 8 per cent. in one of these companies, namely Davenham Group plc, a lender to the UK SME sector.

ACP Capital has also initiated discussions with Beacon, a leading UK residential mortgage lender, regarding a potential investment in that company.

**Italian SME focused finance business:** The Company intends to allocate approximately €20 million to the development of a dedicated Italian SME financing platform. To this end, the Company is currently in discussions to create a joint venture with Eurinvest, an established Italian investment house, with a view to gaining a foothold in the Italian SME market. The Company has entered into discussions with

Investimenti e Sviluppo S.p.A., a listed company on the Italian Stock Exchange in which Eurinvest is a shareholder, in respect of a possible investment in Finleasing Lombarda S.p.A of approximately €5 million with a further capital investment of around €15 million, to finance the business' growth. Finleasing Lombarda S.p.A is an Italian SME finance business which was recently subject to a binding acquisition contract for 100 per cent. of its shares by Investimenti e Sviluppo S.p.A.

**French SME focused finance business:** ACP Capital has entered into exclusive discussions with a privately owned leasing specialist focusing on the French SME sector, with a view to acquiring up to 49% of that company. The Company anticipates equity funding of approximately €40 million to invest in and grow the target.

**German SME focused finance business:** The Company is currently in discussions with regards to (a) acquiring a stake in a small but established German bank with experience in corporate SME and real estate lending, including the ability to issue Pfandbrief (see “Funding Facilities” below) or (b) acquiring its own German banking licence. The Company also intends to provide funding lines for identified loan products to independent German SME loan originators.

### **European Real Estate:**

As recently announced, the Company has initiated discussion with Crown Northcorp on the possible collaboration in European real estate leading.

### ***Funding Facilities Initiatives***

**Senior Debt Underwriting Vehicle – (the “SDV”):** The Company intends to put in place a leveraged loan underwriting facility of up to approximately €150 million, which the Directors believe may require up to approximately €75 million of equity and up to approximately €75 million in third party debt, in order to provide non-investment grade senior funding for a given transaction. The SDV would provide this capability and would generally syndicate a majority of the loans that it underwrites. This facility would, when combined with ACP Mezzanine’s underwriting capabilities of up to approximately €75 million for an individual transaction and up to approximately €25 million of equity provided by the Company or a Managed Vehicle, enable the Company and its Managed Vehicles to offer an underwritten finance package of up to an aggregate of approximately €250 million per transaction. This would represent the development of the Company’s ongoing underwriting and syndication activities in which the Company’s management has significant experience.

**Investment Grade Funding Vehicle – (the “IGV”):** The Company intends to put in place the IGV by taking a first loss equity position and raising a credit line (AAA to BBB rating equivalent) with third party banks which will enable the Company to offer funding lines for diversified pools of assets to the SPs, such as equipment leasing or container/railcar leasing. The Directors believe that these funding lines may be a series of individual facilities which could be pooled once critical mass is achieved, thus generating economies of scale. The equity position required will vary depending on the asset type concerned, but is expected to range between approximately 3.0 per cent. and 12.0 per cent.

**Pfandbrief – Real Estate Investment Grade facility:** The Company is currently in discussions with a view to acquiring a strategic equity stake in a small German bank which holds a license to issue Pfandbrief (the principal funding instrument used by German mortgage banks). Alternatively, the Company may opt to obtain a Pfandbrief licence itself through the creation of a dedicated vehicle, a process which the Directors believe could take approximately 9 to 12 months. Either approach is expected to require an initial minimum equity investment of approximately €50 million. The Directors believe that Pfandbrief issuance offers a competitive source of low risk investment grade real estate financing and is the largest uniform asset class in the European bond market. The Company expects to offer this product as part of its comprehensive financing platform as a source of senior debt funding for real estate assets.

### ***Intended development of Managed Vehicles***

As part of its Intended Development Plans, the Company intends to expand its Asset Management business through the establishment of additional Managed Vehicles, capitalised predominantly with third party equity and managed by the Company. The Managed Vehicles are intended to be designed to take advantage of the planned flow of asset opportunities from the expansion of the Company’s Funding Facilities and SPs. Certain of the Managed Vehicles may also create a flow of finance opportunities in their own right.

In Year 2, it is intended that the Managed Vehicles the Company proposes to launch will include ACP Strategic Equity and ACP High Income, both of which are described below. The Company has already begun acquiring and warehousing assets on its balance sheet which it intends to transfer to ACP High Income and ACP Strategic Equity. The Company intends to warehouse assets on its balance sheet until such time as the volume of assets held justifies, in the opinion of the Directors, the launch of the relevant dedicated Managed Vehicle and the resulting raising of third party equity. The Company is currently in discussions regarding the launch of two additional Managed Vehicles, a real estate vehicle (“ACP PropCo”), and an infrastructure vehicle (“ACP Infrastructure I”), which are also described below.

The Company may also participate in subsequent fundraisings by ACP Mezzanine and also in fundraisings by future Managed Vehicles. The Company expects to maintain an equity holding in each Managed Vehicle of approximately 25 per cent on a long term basis.

**ACP Senior High Yield:** The Company intends to warehouse a number of assets for a proposed high income Managed Vehicle (“ACP Senior High Yield”) which the Company expects to be the first of a number of listed funds geared primarily towards retail investors. It is intended that ACP Senior High Yield will invest in a portfolio comprised primarily of senior debt instruments from the Company’s leveraged loan business, and through the primary and secondary markets. In order to make ACP Senior High Yield more attractive to the retail market, the Company may take a first loss position in ACP Senior High Yield which would offer investors a degree of capital protection. In addition, the Company is currently in the documentation phase for a funding line with a third party institution to support ACP Senior High Yield with leverage of up to 75 per cent. The Company is presently in the process of warehousing assets intended for ACP High Income including a £6 million investment in the Colonnade II CDO and a €10 million portion of the Nordsee senior debt package, both of which have been identified for transfer to ACP.

The Company recently announced that it has raised a committed leverage facility with Deutsche Bank AG for ACP Senior High Yield. The Deutsche Bank facility has been arranged for the warehousing of the assets on ACP Capital's balance sheet that it intends to transfer into ACP Senior High Yield and the facility will continue to be utilised within ACP Senior High Yield once the Managed Vehicle is launched. Further details of the facility are set out in paragraph 6.29 of Part IV of this document.

**ACP Infrastructure I:** The Company intends to launch a series of dedicated infrastructure vehicles that would fund equity holdings in infrastructure assets. The Company has signed a term sheet with an international operator in the shipping container and railcar sectors with a view to developing an off balance sheet capability for that operator. The Company currently intends to launch ACP Infrastructure I late in Year 2 or early in Year 3 following the warehousing of approximately €100 million of such assets with the intention of additional funding being provided by the Company’s Facilities and Managed Vehicles.

**ACP PropCo:** The Company intends to develop a dedicated real estate vehicle that will act as the preferred partner for the Company’s Managed Vehicles and SPs, focusing primarily on the provision of sale/leaseback products. Similarly to ACP Infrastructure I (see above), the Company is aiming to warehouse approximately €100 million of assets before launching the vehicle.

**ACP Strategic Equity:** The Company intends to establish a Strategic Equity Vehicle through which it would intend to hold strategic equity investments in companies and vehicles, such as IFR Capital. The Directors believe that through ACP Strategic Equity, the Company could generate significant returns which are expected to be achieved through the combination of the Company’s integrated finance capabilities and commitment to assisting these companies in growing their businesses. ACP Strategic Equity is expected to warehouse approximately €60 to €80 million of equity holdings (including its stake in IFR Capital), before it is launched, which is anticipated to occur by the end of 2007. The Company’s intention is that ACP Strategic Equity will differentiate itself from private equity in that it (a) will not, generally, seek majority control of target companies, (b) can have a longer term investment period, and (c) will usually invest as part of an overall integrated finance approach, which the Directors believe to be a distinct advantage in the European SME market.

The above descriptions of the Strategic Platforms, Funding Facilities and Managed Vehicles do not constitute financial projections of any kind, but instead represent the Company's strategic business objectives and targets. Although the Company will use all reasonable endeavours to establish the SP's, Funding Facilities and Managed Vehicles to meet the cash flow and strategic business targets described above, they may not be achieved and actual results may vary significantly from targeted results. The Company does not provide assurance of or guarantee the formation of or the success of any of its Strategic Platforms, Funding Facilities or Managed Vehicles. In parallel, the Company's anticipated "flow of assets" may not come on stream for at least one year after the initial investment in the relevant SME.

### ***Anticipated investment requirement under the Intended Development Plans***

Further to the Company's plans to develop its Strategic Platforms, Funding Facilities and Managed Vehicles described above, the Company's estimated investment requirements during Year 2 and Year 3, and estimated sources of funds are summarised as follows:

**Figure 3. Overview of illustrative potential sources and uses of funds:**

<i>Illustrative Sources and Uses of Funds *</i>	<i>Year 2 and 3</i>
<b>Sources of funds</b>	
Cash on Balance Sheet*	£ 10m
Repayment of loans	£ 14m
Net proceeds from Placing	£ 144m
Corporate debt	£ 72 – 92m
Total	<u>£240m– £260m</u>
<b>Uses of funds</b>	
Equity investments in Strategic Platforms	£100m – £115m
Equity to Funding Lines	£70m – £80m
Net equity investments in Managed Vehicles / incl. Warehousing	£70m – £80m
Total	<u>£ 240m – £ 275m</u>

\* This summary of potential use of proceeds is for illustrative purposes only and excludes, inter alia, cash flow from operations. Cash on Balance Sheet as at end of 2006 amounted to circa £10.8 million. The corporate debt figures do not represent the Company's view on any anticipated potential minimum or maximum level

As set out in Figure 3 above, a part of the Company's required funding is intended to be financed by corporate debt facilities, which the Company intends to limit to 3 times EBTDA (but before interest income from cash on balance sheet and interest cost of corporate debt).

### **Anticipated financial effects of the Intended Development Plans**

The Directors believe that the Company's financial performance will benefit under the Intended Development Plans in the following key respects:

- increased assets under direct investment or management, on which the Company is able to generate its targeted returns and investment management and performance fees;
- increased revenue generation; and;
- enhanced diversification of revenue generation.

### ***Diversified Revenue Objectives***

In adopting its planned strategy under the Intended Development Plans, the Company targets that by the end of Year 3 it will have put in place a diversified revenue stream consisting of recurring revenues such as asset management and incentive fees, dividend flow from various Managed Vehicles, underwriting fees, net interest margin from loans, and, in parallel, capital gains (through mark-to-market or realisation) on its strategic equity holdings and equity holdings in Managed Vehicles.

**Figure 4.** Overview of intended ACP Capital revenue streams:

<b>Revenue Streams</b>	
<b>Integrated Finance</b>	– Net interest income <sup>(1)</sup> – Underwriting fees <sup>(1)</sup>
<b>Strategic Platforms</b>	– Dividend income <sup>(1)</sup> – Value appreciation
<b>Managed Vehicles</b>	– Management/Performance <sup>(1)</sup> – Dividend income <sup>(1)</sup> – Value appreciation

<sup>(1)</sup>Cash income

#### **4. Organisational Build-up**

The Group currently has 10 contracted employees. Given its increasing advisory role, ACP Capital UK LLP, the advisor to the Company, intends to continue to recruit in London with an intention to increase its team by a further three to five people in Year 2.

The Company is putting in place its administrative functions in Jersey and has hired its Financial Controller, Antony Perez, who will commence employment at the end of March 2007. Antony Perez will work closely with R&H Fund Services (Jersey) Limited, who act as the Company's administrators and company secretary.

The Company is currently intending to open up offices in both Milan and Munich, either independently or alongside its joint venture partners, as part of its continued focus on developing its activities in these key markets.

Nikolaj Larsen, the Company's Head of Strategic Investments, aims to relocate to the Munich office by June 2007. In parallel, the Company has made one local hire and is currently in discussions with a further individual with a goal of building a 5 to 7 person team in 2007.

Derek Vago intends to relocate to Geneva in 2007, in order to be more closely located to the German, Italian and French markets.

By the end of 2007, the Company, including ACP Capital UK LLP and, through joint ventures, intends to have a total of approximately 25 employees.

#### **5. The Placing**

The Placing is intended to raise approximately £150 million (gross of expenses) and the proceeds are intended to be used as described above. The Company intends to hold meetings with potential investors with a view to implementing the Placing during March 2007.

As at the date of this document, the Company has an authorised share capital of £350,000 comprising 350,000,000 Ordinary Shares of which 79,531,941 Ordinary Shares are in issue and fully paid.

It is intended that new Ordinary Shares issued under the Placing will not be offered generally to Shareholders, whether on a pre-emptive basis or otherwise. The Directors believe that the additional cost and delay which a rights issue or open offer would entail would not be in the best interests of the Company at this time.

Derek Vago is subscribing for 400,000 Ordinary Shares pursuant to the Placing.

#### **6. Preliminary results for the year ended 31 December 2006**

The Company announced on 6 February 2007 its first set of preliminary annual results, for the period 30 August 2005 to 31 December 2006. The Company reported a net profit for the period of approximately £15.0 million and paid a dividend of 3p per Ordinary Share, being a total distribution of approximately £2.0 million.

The record date in respect of the dividend declared for the year ended 31 December 2006 was 16 February 2007, which is prior to the anticipated issue date of new Ordinary Shares expected to be subscribed for under the Placing. Accordingly the dividend declared for the year ended 31 December 2006 will not be paid in respect of new Ordinary Shares issued under the Placing. It is anticipated that new Ordinary Shares issued under the Placing will rank *pari passu* with all existing Ordinary Shares in respect of all future dividends declared or made.

#### **7. Current trading and prospects**

In the current financial year, the Company is trading in line with the Directors' expectations and the Directors continue to view the prospects of the Company with confidence.

#### **8. Dividend policy**

In the Admission Document dated December 2005 it was stated that the Directors would, subject to satisfactory trading and the availability of distributable reserves, seek to declare a dividend for the year ending 31 December 2007 of 6 pence per Ordinary Share. If the Placing is completed, the Directors would, subject to satisfactory trading under the Intended Development Plans and reserves as stated above, seek to declare dividends for Year 2 of 3 pence per Ordinary Share. In subsequent years the Directors would seek to increase the level of declared dividends and would, subject to trading and reserves as stated above, seek to declare a dividend for Year 3 of 5 pence per Ordinary Share. No assurances can be given that these objectives will be achieved.

#### **9. No significant change**

With the exception of the recent decline in the share price of IFR Capital, there has been no significant change in the trading or financial position of the Group since 31 December 2006, being the date to which the information contained in this document was prepared.

#### **10. Update on risk factors**

Please see Part II of this document for details of risk factors relevant to the Company and its business.

#### **11. Directors**

Biographies of each of the Directors are set out below:

##### **Derek Vago, Chief Executive (age 43)**

Derek was Managing Director and co-head of the Asset Finance Group ("AFG") at Nomura International plc, where he worked from July 2002 until September 2005. His responsibilities included all balance-sheet usage including equity, mezzanine and senior debt, underwriting, syndication, and repackaging assets in both asset-backed and non asset-backed sectors. Derek has approximately 15 years experience of international finance markets and has corporate finance experience in European and Asian markets. Prior to AFG, Derek was co-head of the European Real Estate Investment Banking Group of Credit Suisse First Boston in London and, before that, he was responsible for putting in place the direct investment business within the European Real Estate Group at Bankers Trust (subsequently acquired by Deutsche Bank). Derek has a Masters of Science degree in Real Estate Finance from New York University and both a BSc and a B Architecture degree from McGill University in Canada.

Derek Vago has played a key role in each of the transactions listed below. They include strategic equity investments, debt financing transactions to fund ongoing operations and asset-backed real estate opportunities. This is not an exhaustive or representative list and it is not intended to create or be deemed to create an investment management track record.

##### ***Earls Court & Olympia:***

In May 2004, Nomura International plc completed the acquisition of the £245 million London exhibition complex Earls Court & Olympia ("ECO") from Candover, in which it led the structuring and underwrote the entire necessary debt funding (senior, senior mezzanine, junior mezzanine and working capital facilities and preferred equity) alongside St James Capital. AFG assisted ECO in its restructuring

process and repayment of the bridge funding through (1) disposing of non-core assets such as Clarion Events Limited (an internal exhibition organiser) (2) creating an equivalent OpCo/PropCo structure whereby real estate assets would be transferred to SPVs while the management would be part of the OpCo; (3) refinancing the real estate assets with a higher leverage and lower cost of funding through a real estate backed financing structure.

***Shaftesbury:***

In July 2004, Nomura International plc completed the acquisition of 11 commercial properties throughout Germany from various entities owned by Deutsche Bank. AFG invested alongside Shaftesbury International on the basis that this portfolio represented an excellent opportunity with potential upside from the repositioning of some previously under-managed space.

Nomura fully underwrote and funded approximately €150 million of total proceeds consisting of approximately €112 million of senior debt, €18 million of senior mezzanine debt, €11 million of junior mezzanine debt and €5 million of preferred equity. AFG's strategy involved successfully syndicating the senior and senior mezzanine debt facilities to a leading German mortgage bank prior to funding.

***CenterParcs Europe:***

In September 2003, Nomura International completed within 6 weeks of initiating due diligence the €433 million multi-jurisdiction sale and leaseback of seven CenterParcs Europe sites located in the Netherlands, Germany and Belgium for Pierre & Vacances. AFG underwrote and financed €350 million of senior debt, €30 million of senior mezzanine, €30 million of junior mezzanine and €23 million of equity.

AFG pre-sold the equity to a consortium represented by St. James Capital. The senior and senior mezzanine debt facilities were fully syndicated within 4 months of closing with a 0.25 per cent. margin, and part of the junior mezzanine with a total margin arbitrage of 5 per cent.

A brief description of some of the other transactions in which Derek was either actively involved or oversaw whilst Managing Director and Co-Head of AFG is set out below.

\* indicates transactions for which Derek was responsible as Co-head of the AFG team, but in which he was not personally active.

***\*DFS plc:***

In July 2004, Nomura International completed the £521 million public to private acquisition of DFS plc, a leading retailer of upholstered furniture in the UK. Nomura International led the structuring and provided the entire debt financing (senior, capex, working capital, senior mezzanine and junior mezzanine facilities) to support Lord Kirkham's successful bid.

***\*Laurel Pubs:***

In December 2002, Nomura International provided £320 million of debt (senior, senior mezzanine and junior mezzanine facilities) to finance the acquisition by London & Regional Properties Ltd and Morgan Grenfell Private Equity from the Laurel Pub Company of a portfolio of 280 managed pubs (267 freehold and 13 long leasehold).

***\*SVG Diamond:***

In September 2004 Nomura International won the IFR European CDO Deal of the Year for completing the first arbitrage CDO backed by private equity assets.

***\*CBR:***

In November 2004, Nomura International acquired senior mezzanine debt of €10 million as part of a debt syndicate to this German fashion company which was acquired by Cinven and Apax. This was the first acquisition realised by the newly formed mezzanine team recruited by Derek.

Prior to AFG. Below are brief descriptions of some of the transactions in which Derek Vago was involved before his appointment at Nomura International.

***Grupo Filo:***

In October 1997, Bankers Trust provided a bridge debt standby facility during a capital increase period to this Spanish listed real estate company, together with a first preferred equity investment of €30 million, 50 per cent. of which was syndicated to Ivanhoe.

***Regus:***

In August 1998, Bankers Trust made a \$100 million preferred equity investment in Regus, 50 per cent. of which was later sold to Apollo Real Estate Advisors.

***GL Trust Belgium:***

In December 1999, Bankers Trust invested €8 million in preferred equity and arranged Euros 50 million of senior debt financing to a new Belgian vehicle specialising in the retail-warehouse sector, which was subsequently sold.

***Shurgard Europe:***

In 1999, Derek Vago led an investment consortium investing €120 million of preferred private equity and underwrote €300 million of syndicated debt facilities.

***Hemingway Properties PLC:***

In February 1996, Bankers Trust provided £20 million of structured mezzanine financing with a term of 3 years for the acquisition by Hemingway of office property in the UK.

***Cofinimmo:***

In July 2000, Credit Suisse First Boston underwrote off-balance sheet financing of €355 million of senior debt and €50 million of mezzanine debt for the acquisition of AXA office portfolio owned by Primaedis S.A. in Belgium.

***Barclays Bank (France):***

In 1995, Derek structured and executed the first sale of non-performing bank loans in continental Europe.

***Nikolaj Larsen, Head of Strategic Investments (age 31)***

Nikolaj is currently Head of Strategic Investments at ACP Capital. Prior to joining ACP Capital, Nikolaj worked at Nomura Asset Finance Group for three years focusing on underwriting debt and equity for AFG in both the asset backed and non-asset backed sectors. During his last 12 months at Nomura, Nikolaj spent much time on non-asset backed transactions in Germany, Austria and Switzerland with Mittelstand companies. Prior to Nomura, Nikolaj worked mainly on various acquisitions both from a principal and advisory basis with CSFB and Permira respectively. At CSFB, Nikolaj focused equity and M&A transaction in the industry sector of infrastructure, energy and utility.

Other transactions involving strategic investments combined with debt financing that Nikolaj has worked on include:

***Nordsee:***

In August 2005, Nomura International plc underwrote and completed the acquisition of Nordsee for (€140 million (enterprise value), in a joint acquisition with Heiner Kamps. The debt was structured to suit a turnaround scenario with following debt repackaging: a bullet with senior debt of (€80 million (5.3x LTM EBITDA), Senior mezzanine of (€10 million (6.0x LTM EBITDA) and Junior mezzanine of (€10 million (6.7x LTM EBITDA) based on the then estimated (€15 million EBITDA for 2005. The total Debt/EBITDA 2006 is around 3.7x showing the improvement of the business. Nomura International plc also took a strategic equity stake.

***Earls Court & Olympia:***

In May 2004, Nomura International plc completed the acquisition of the £245 million London exhibition complex Earls Court & Olympia from Candover, in which it led the structuring and underwrote the entire necessary debt funding (senior, senior mezzanine, junior mezzanine and working capital facilities and preferred equity) alongside St James Capital.

***Center Parcs Europe:***

In September 2003, Nomura International plc completed the (440 million multi -jurisdiction sale and leaseback of 7 CenterParcs Europe sites located in the Netherlands, Germany and Belgium for Pierre & Vacances, where Nomura International plc led the structuring and underwrote the entire balance of Debt (senior, senior mezzanine and junior mezzanine facilities) and equity funding necessary to close the transaction.

**Eric Youngblood, Chief Financial Officer (age 43)**

Eric Youngblood has been engaged in the structured finance business for a track record spanning almost 18 years in structured finance, primarily in securitization. Most recently, Eric was the Head of Asset-Backed Securitization for the Asset Finance Group (“AFG”) at Nomura International plc where he was involved in the set-up and implementation of several servicing and origination platforms.

Prior to Nomura, Eric was Director of Securitization at CDC IXIS Capital Markets, where he was responsible for developing international securitization activities outside of France. Earlier in his career, Eric was Managing Director, Head of Structuring at Bear Stearns in both Madrid and London and Head of Asset Securitization for Commerzbank in London.

Eric has worked on transactions in the following asset classes (amongst others): residential mortgages (RMBS), commercial mortgages (CMBS), consumer loans, auto loans, equipment leases, revolving consumer credit, corporate loans (CLO), aircraft leases, utility stranded costs, healthcare receivables, trade receivables and insurance premium finance. He has worked on transactions in the following jurisdictions (amongst others): US, UK, France, Spain, Belgium, Netherlands, Italy, Germany, Japan and Turkey.

In addition to arranging and structuring securitization transactions, Eric has been responsible for arranging warehouse financing for residential mortgages, commercial mortgages, and government receivables. He has also been responsible for arranging liquidity facilities for trade receivables in asset-backed commercial paper conduits (ABCP), a residential mortgage funding vehicle and a bond repackaging vehicle.

**Heiner Kamps, Non-executive Director (age 51)**

Heiner Kamps is the CEO of IFR Capital PLC, the food retail company which acquired his previous food retail holding company KFRI in January 2007. Heiner is responsible for the operational management of IFR Capital including oversight of its wholly owned subsidiary Nordsee, the German fish chain restaurant which has over 400 restaurants across Germany, Austria, Switzerland and eastern Europe, and a turnover of €350 million in September 2005.

Heiner is best known for his involvement with the German industrial bakery group now known as Kamps AG. Heiner founded the company in 1982, and grew the business to 23 bakeries by 1992 when he sold the company to US food group Borden Inc. He continued to work for the company as Managing Director and bought back the bakeries business in 1996 in a management buy out funded by private equity firm Apax Partners. He was CEO of the company from 1996, overseeing its flotation on the German stock exchange in 1998, until 2002 when the company, which had a turnover of €1.8 billion, was taken over for €1.8 billion (including debt) by Italian pasta group Barilla.

Since his departure from Kamps AG, Heiner has been Managing Director of BHV GmbH, an investment, consulting and asset management company, and has been on the board of several companies in Germany and internationally.

Heiner is a trustee of the humanitarian Heiner Kamps Foundation “Bread against Misery” founded in 2003 and has a Masters in Business Administration.

**François Georges, Non-executive Director (age 55)**

François Georges is the Director General of Jesta Group, the international real estate investment and development company. François Georges spent almost 10 years until May 2005 as Director General of Pierre et Vacances, the French tourism and leisure group which owns CenterParcs Europe. During this time François was responsible for key strategy changes, focusing on the expansion of the group in France and 21 Europe, through acquisitions including CenterParcs Europe and Maeva which was worth €130 million in 2002, and organic growth into new geographical and product markets. The group has developed its real estate and tourism business in Italy since 2000 and has also acquired a number of real estate assets and companies in France, the Netherlands, Germany and Belgium. In 1999 the group had a turnover of €150 million in France alone, and in 2004 had a turnover of €1.2 billion, 40 per cent of which was in Continental Europe rather than France. The value of the group has increased eight times since its introduction on the French stock exchange in 1999. François has also been responsible for implementing the sale and leaseback strategy employed by the group, which has global worth of around Euros 700 million.

François was also Finance Director of Pierre et Vacances between 1992 and 1996, during which time he implemented a financial centralisation strategy and managed the fallout from the 1990s real estate crisis, which involved negotiations with financiers, sales of non-strategic core investments and reallocation of group funds to ensure a rapid recovery on investments. François is a qualified auditor and spent over 5 years until 1989 with Arthur Andersen, where he specialised in real estate, distribution and corporate finance work.

**Alan Braxton**, *Non-executive Director (age 44)*

Alan Braxton co-founded Presidio Partners LLC in May 2003. Presidio Partners is a full service real estate private equity firm representing a broad range of US and international clients. Since its formation, Presidio Partners has completed private equity capital raising assignments in excess of \$2.7 at Bank of America Securities LLC. His responsibilities included providing investment advisory services, key client management oversight and capital raising. During Alan's tenure with Bank of America Securities, the Real Estate Private Equity Group completed transactions totalling in excess of \$4.0 billion in equity commitments on behalf of their clients.

Prior to joining Bank of America Securities, Alan was a Managing Director within LaSalle Investment Management, a wholly-owned subsidiary of Jones, Lang, LaSalle, Inc. During his 11-year tenure with LaSalle, he held positions within the Client Capital, Portfolio Management and Asset Management areas. Alan launched and raised proprietary investment vehicles, and held direct portfolio management responsibility for assets in excess of \$2.0 billion on behalf of US and international clients. Alan has also held positions with the Brand Management group of The Quaker Oats Company and the Commercial Lending group of Mellon Bank Corporation. Alan is a member of Pension Real Estate Association, INREV and The Zell-Lurie Real Estate Center and a founding Board Member of the Real Estate Executive Council. He holds an Master of Business Administration from The Wharton School, University of Pennsylvania and a Bachelor of Science in Business Administration from Indiana University of Pennsylvania.

**Hilary Valentine**, *Non-Executive Director (age 45)*

Hilary Valentine is a Director at Computershare Investor Services (Channel Islands) Limited in Jersey and has over 28 years experience in the finance sector. Hilary's areas of experience include special purpose vehicles for corporate clients and private client work. Hilary previously worked as a relationship manager at Barclays Private Bank and Trust Company and qualified as a chartered certified accountant (ACCA) in 2002. Hilary also holds the Certificate of the Institute of Bankers in Ireland.

**Craig Stewart**, *Non-Executive Director (age 41)*

Craig Stewart is currently a Partner at Rawlinson & Hunter in Jersey and has 14 years experience in the finance sector. Craig's areas of experience include private equity funds and funds designed for the private client market. Craig previously worked as a manager specialising in the asset management sector at Arthur Andersen and qualified as a chartered accountant (ACA) in 1996. He has served as a committee member of the Jersey Funds Association.

## **12. Further Information**

Your attention is drawn to the additional information set out in Parts II to IV of this document.

## **PART II RISK FACTORS**

### **Prospective investments**

No guarantee or representation is made that the Company will be successful. There is a risk that an investment in the Company will be lost entirely or in part. There can be no guarantee that the investments already identified (including the Managed Vehicles and the Strategic Platforms) will be available, nor that the Company will be able to identify suitable investments in the future in which to invest. There can be no assurance that the specific trading strategies utilised by the Company or the investments will produce profitable results. No assurance can be given that the techniques and strategies of any investment manager will be profitable in the future.

### **Risks relating to the Intended Development Plans**

The Company may be unable to achieve its Intended Development Plans for its Strategic Platforms, Funding Facilities and Managed Vehicles and its operational expansion for a variety of reasons, including without limitation:

- (i) it may be unable to open offices in the new markets that it has targeted or it may open offices in alternative less attractive or lucrative markets;
- (ii) it may fail to enter into a joint venture agreement or arrangement with Eurinvest or any other prospective joint venture partner;
- (iii) it may be unable to hire the staff that it requires or wishes to hire or may hire alternative staff who are less or prove to be less competent. In addition, it may be unable to retain its existing staff or those that it employs at any time in the future;
- (iv) it may be unable to create Strategic Platforms and Managed Vehicles and, as a result, it may be unable to broaden the origination of investment and funding opportunities for itself and/or its Managed Vehicles;
- (v) the Strategic Platforms that the Group is able to create may be in alternative and less attractive or lucrative markets and may differ in terms of size or market area from the Company's current intention;
- (vi) if the Group is successful in acquiring or creating its Strategic Platforms, Managed Vehicles and funding lines, such Strategic Platforms, Managed Vehicles and funding lines may not perform as expected;
- (vii) the Group may not achieve its projected deal flow;
- (viii) the additional Managed Vehicles which the Company intends to establish may be launched during later or different periods to those referred to in this document, may be capitalised differently or otherwise differ from the Directors' current intention and the Company's existing Managed Vehicles may be restructured or otherwise altered; all of which could negatively impact the Company's planned asset management business performance as a whole.

A failure by the Company to fulfil its Intended Development Plans may result in the Company failing to achieve its business objectives and targets as detailed in this document.

### **Raising insufficient funds to achieve or to attempt to achieve Intended Development Plans**

The Company may be unable to raise sufficient funds, through the Placing or otherwise, to fulfil or to seek to fulfil its Intended Development Plans. The Company is also considering issuing a convertible instrument in parallel. The issue of a convertible instrument may dilute existing Shareholders' equity and have a negative impact on future dividend payments to shareholders and the Company's overall performance.

### **Forward-looking statements**

All statements other than statements of historical facts included in this document, including (without limitation) those regarding the Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectation in relation to dividends, returns or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expression or their negative, are forward-looking statements. Those forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance, achievement or dividends paid by the Company to be materially different from any future results, performance or achievements or dividend payments expressed or implied by such forward-looking statements. Those forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this document or to reflect any change in the Company's expectations with regard to these, any new information or any change in events, or any conditions or circumstances on which any such statements are based, unless required to do so by the AIM Rules or any other regulations to which it is subject.

### **Dependence on underlying investments**

Although the Company will attempt to monitor the performance of each investment company or other collective investment vehicle (collectively, "Investment Entities") it may invest in, the Company may not always receive perfect information regarding the actual investments made by the Investment Entities and must ultimately rely on (i) the investment manager or sponsor of each Investment Entity to operate in accordance with the investment strategy or guidelines laid out by such investment manager or sponsor, and (ii) the accuracy of the information provided to the Managed Vehicles by such investment manager or sponsor. If the investment manager or sponsor of an Investment Entity does not operate in accordance with the investment strategy or guidelines specified for such Investment Entity, or if the information furnished by an Investment Entity is not accurate, the Company might sustain losses with respect to its investment in such Investment Entity despite the Company's attempts to monitor such entity. In addition, privately offered or closed ended Investment Entities often have restrictions in their partnership agreements or other governing documents that would limit the Company's ability to withdraw funds from or invest in the entity. The Company's ability to withdraw funds from or invest funds in Investment Entities with such restrictions will be limited and such restrictions may limit the Company's flexibility to reallocate assets among other investments. The legal relationship between an investor in an underlying fund and the underlying fund itself, and the terms of the use of subscription monies by the underlying fund prior to allotment may vary depending on the constitutional documents of the underlying fund and applicable law.

### **Illiquidity of underlying investments**

It may not always be possible for the Company to realise any investments made by it or it might take time for it to produce the realisation. Investments in Managed Vehicles are subject to a greater degree of illiquidity as there may be no market for trading in such investments, or it may not be possible to redeem such investment under the terms of the relevant Managed Vehicle. The Company may also invest in the shares of SMEs, the market for whose shares may be less tradable than for larger companies.

### **Dependence on key personnel and Directors**

The Company's performance is highly dependant on the ability of Derek Vago, the Directors and the key personnel identified in this document to select appropriate investments and to manage the Company and influence the management of any investments. If any one of them (or more) ceased to provide his services to the Company, the business may be affected. Specifically, if Derek Vago ceased to provide his services for whatever reason to the Company, the business will be affected.

### **Past performance**

The past performance of Derek Vago, the Directors or the key personnel identified in this document is not a guarantee of future performance by the Company.

### **Further equity issues**

It is the Company's intention to raise further funds through further equity issues and this will dilute a shareholder's existing shareholding in the Company. Please refer also to the Share Incentivisation and Remuneration arrangements detailed in the Admission Document which will also have the effect of diluting a shareholder's existing shareholding in the Company.

### **Foreign Exchange risk**

The Group may invest in countries other than in the United Kingdom and in assets denominated in currencies other than pounds sterling. The value of such investments may therefore be affected by fluctuations in foreign exchange rates. The Group may use, in some instances, hedging instruments.

### **No formal diversification policies**

The Group is not restricted as to the percentage of its assets that may be invested in any particular instrument, market or asset class and investments may be heavily concentrated, at any time, in a limited number of markets. Investing in a limited number of instruments, markets or asset classes and investments may involve more risk than spreading the Group's investment through a diverse range of instruments, markets or asset classes and investments.

### **Investments in junior mezzanine debt**

Junior mezzanine debt will generally be subordinated to senior and senior mezzanine debt and therefore the rights of the creditor will rank lower than other creditors in the event of the borrower's insolvency. Although it is the Group's intention to provide junior mezzanine financing primarily to asset backed financings, the financings may in fact be unsecured. As a result, the provision of junior mezzanine debt may be considered more speculative than other types of debt financings.

### **Investments in senior mezzanine debt**

Senior mezzanine debt will generally be subordinated to senior debt and therefore the rights of the creditor will rank lower than other creditors in the event of the borrower's insolvency. As a result, the provision of senior mezzanine debt may be considered more speculative than other types of debt financings.

### **Trading on AIM**

The Company's shares are traded on AIM and any future issues of shares are expected to be traded on AIM. Investments in AIM are generally considered to be of higher risk than those traded on the Official List of the UK Listing Authority, because the regulatory regime applicable to AIM is less stringent than that for the Official List. The market for shares in smaller public companies and those listed on AIM, may be less liquid than for larger public companies or those listed on the Official List. Investors should therefore be aware that an investment in the Company may be difficult to sell/realise. In addition, investors must be aware that the share price of the Company, as for any publicly quoted company, may be volatile and could go down as well as up.

### **General market risk**

The Group and any of its investments may be affected by general market and economic trends which are unrelated to the performance of the Group itself.

### **Legal and regulatory risk**

The Group and the investments it makes will be subject to various regulatory regimes and legal requirements, including tax, pensions and securities laws in various jurisdictions. If those laws or regulations change, the Company and the shareholders may be adversely affected.

The Company has established a subsidiary in the UK to act as an investment advisor to the Company. To the extent that any activities undertaken by this subsidiary constitute regulated activities in the UK, the subsidiary will require authorisation by the FSA, be required to operate as an appointed representative of another FSA authorised entity, or need to rely upon the availability of an exclusion from the requirements for authorisation under the Financial Services and Markets Act 2000. In the event that there are any changes to UK law or regulation or the UK subsidiary were to carry out activities which were beyond the scope of any available exclusion or exemption, both the Company and the shareholders may be adversely affected and any contracts entered into may become unenforceable. If application is made for FSA authorisation, such authorisation may not be given or may be significantly delayed and it may not be possible to identify or agree terms with another FSA authorised entity in the interim period or as an alternative. Such delay or failure in obtaining FSA authorisation or inability to work under the supervision of another FSA authorised entity may restrict the activities planned to be undertaken by the Company's UK subsidiary and this could negatively impact the Company's business plan. If the Company's UK subsidiary or any of its officers or employees undertake regulated business in the UK without suitable authorisation, then each could suffer claims for damages and/or criminal sanction including fines and/or imprisonment and all contracts entered into pursuant to such activities could be void. This would impact negatively on the Company's reputation and, potentially, on its financial resources.

In addition, the Company is not and will not be registered under the United States Investment Companies Act of 1940, as amended. The Company has taken certain procedural steps to avoid any requirement to register as an investment company under this legislation and to enforce such procedures. However, there can be no guarantee that such steps will be in all cases effective or enforceable or that United States legislation will not change to the Company's detriment.

### **Changes in portfolio and strategy**

The Directors are not limited to trading any specific instruments or pursuant to any specific investment or trading strategies. As a result, it is possible that the nature and character of the Company's and Strategic Platforms' and Managed Vehicles' investment portfolios may change substantially from time to time based upon the view of the Directors or that of the directors or managers of the relevant Strategic Platform of where opportunities exist in the global marketplace. Furthermore, as a result of the Company's investment strategy, the expenses, risks, volatility and returns to which the Company is subject, could vary significantly, from time to time, depending upon the investment strategies utilized by the Company at any particular time.

### **New strategies**

While the Directors might develop new investment strategies in the future, any such strategies might not be thoroughly tested before being employed and might not, in any event, be successful. Were the Directors to attempt to implement new strategies, the risk/reward profile of the Company and/or the Strategic Platforms or Managed Vehicles could be shifted significantly towards increased levels of risk.

### **Use of leverage**

The Company and Strategic Platforms and Managed Vehicles may use leverage to enable them to make investments substantially in excess of their equity. The Company and Strategic Platforms and Managed Vehicles reserve the right to use as much borrowing and leverage as permitted under applicable law and subject in the case of the Strategic Platforms and Managed Vehicles to the relevant investment limits and policies. Although such techniques increase the opportunity for a higher return on investment, they also increase the risk of loss.

The directors or managers of Strategic Platforms and Managed Vehicles may, from time to time, adjust leverage. Such adjustments may be in respect of certain markets or in respect of the Strategic Platform's and Managed Vehicles' overall investment portfolio. Factors which may affect the decision to adjust leverage include: ongoing research, volatility of individual markets, risk considerations, and the directors' subjective judgment and evaluation of general market conditions. Adjustments to leverage

may result in greater profits or losses and increased brokerage costs. No assurance can be given that any leverage adjustment will be to the financial advantage of investors in the Company, Strategic Platform or Managed Fund.

### **Undervalued securities**

One of the objectives of the Company is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task and there can be no assurance that such opportunities will be successfully recognised. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Company's investments may not adequately compensate for the business and financial risks assumed.

The Company may make certain speculative investments in securities which the Directors believe to be undervalued. However, there can be no assurance that the securities purchased will in fact be undervalued. In addition, the Company may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Company's capital would be committed to the securities purchased, thus possibly preventing the Company from investing in other opportunities. In addition, the Company may finance these purchases with borrowed funds and thus will have to pay interest on such funds during this waiting period.

### **Distressed and high yield securities**

The Company and Strategic Platforms may invest in debt of issuers in weak financial condition, experiencing poor operating results, needing substantial capital investment, perhaps having negative net worth, facing special competitive or product obsolescence problems or involved in or potentially facing bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in financially troubled issuers is the fact that it is frequently difficult to obtain reliable information as to their true financial condition. The market prices of distressed and high yield securities are subject to abrupt and erratic market movements and excessive price volatility. The spread between the bid and ask prices of such securities may be abnormally large, and the markets for such securities illiquid.

### **Changes in portfolio holdings and liquidity of interests**

The relative portfolio holdings of the Company may be altered from time to time due to certain events. As a result, the illiquid portions of the Company's portfolios may, at times, constitute a substantial portion of the Company's overall holdings and, therefore, make liquidation of the Company's holdings more difficult.

### **Participation on creditors' committees and boards of directors**

Although not presently contemplated, from time to time the Managed Vehicles may participate in committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. The Strategic Platforms may also seek to negotiate directly with debtors with respect to restructuring issues. In the situation where the Company or a Strategic Platform chooses to join a creditors' committee, the relevant Strategic Platform would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interest. There can be no assurance that the Strategic Platform would be successful in obtaining results most favourable to them in such proceedings, although the Strategic Platform may incur significant legal fees and other expenses in attempting to do so. As a result of participation by the Company or Strategic Platforms on such committees, the Strategic Platforms may be deemed to have duties to other creditors represented by the committees, which might thereby expose the Strategic Platforms to liability to such other creditors who disagree with the Strategic Platforms' actions.

Participation in restructuring activities frequently provides the participant with material non-public information that may restrict the Company's ability to trade in that company's securities. Determination of whether information is material and non-public and how long knowledge of such information restricts trading is a matter of considerable uncertainty and judgment. While the Company intends to comply with all applicable securities laws and to make judgments concerning restrictions on trading in

good faith, the Company may trade in a company's securities while engaged in restructuring activities relating to that company. This trading creates a risk of litigation and liability that may cause the Company to incur significant legal fees and potential losses.

### **Interests of the Company and reporting obligations**

The Directors may hold substantial interests in investments, in relation to which the Company is subject to disclosure obligations, failure to comply with which may give rise to penalties.

### **Derivative instruments**

The Company or Strategic Platforms or Managed Vehicles may make extensive use of various derivative instruments, such as swaps, caps, warrants, options and forward contracts. The use of derivative instruments involves a variety of material risks. These risks include the high degree of leverage which can be embedded in such instruments, a risk which can be materially increased by the limited liquidity which often characterises the derivatives markets. The pricing relationships between derivatives and the underlying instruments on which they are based also may not conform to anticipated or historical correlation patterns, resulting in unanticipated losses. In addition, some of the derivatives traded by the Directors or the directors or managers of the Strategic Platforms may be over-the-counter instruments (contracts) between the Company or Strategic Platforms or Managed Vehicles and third parties. The Company or the Strategic Platforms or Managed Vehicles may place collateral with certain of their counterparties in connection with their over-the-counter transactions. Although the Company will principally engage in such transactions with money centre financial institutions, it is still subject to the risk of loss of such collateral as the risk of counterparty non-performance can be significantly greater in the case of these over-the-counter instruments (contracts) as opposed to exchange-traded derivative instruments. Furthermore, "bid-ask" spreads may be unusually wide in the substantially unregulated over-the-counter markets.

### **Short sales**

The Company may sell securities short as an aspect of its trading strategy. Since the borrowed securities sold short must later be replaced by market purchases, any appreciation in the price of the borrowed securities results in a loss, and correspondingly, any decrease in the price of the borrowed securities will result in a gain. Whilst the price of a security can only fall to zero (0), thus limiting the upside potential, there is no limit on how high the price of the borrowed security can rise. The higher the price, the more expensive it is to cover and close out the short sale. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Furthermore, a short seller may be prematurely forced out of a position if the lender from which the short seller borrowed stock, in order to effect settlement of a short sale, recalls such stock under circumstances in which such stock cannot be borrowed from other sources.

The value of such assets may be affected (favourably or unfavourably) by fluctuations in currency rates.

### **Repurchase and reverse-repurchase agreements**

The Company or Strategic Platforms or Managed Vehicles may use repurchase and reverse-repurchase agreements, which involve certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Company or Strategic Platform or Managed Vehicle will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Company's or Strategic Platforms' or Managed Vehicles' ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Company or Strategic Platform or Managed Vehicle may not be able to substantiate their interest in the underlying securities. If the seller fails to repurchase the securities, the Company or Strategic Platform or Managed Vehicle may suffer a loss to the extent that proceeds from the sale of the underlying securities are less than the repurchase price. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

### **Suspensions of trading**

Each exchange typically has the right to suspend or limit trading in the securities it lists. Such a suspension could render it impossible for the Company or Strategic Platforms or Managed Vehicles to liquidate their positions and thereby expose them to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Company and Strategic Platforms and Managed Vehicles to close out positions they hold on such markets.

### **Commissions and expenses**

The Company is obliged to pay brokerage commissions and related transaction fees and costs, which can be substantial, regardless of whether their trading activities are profitable. The Company must also pay its own fees and operating and administrative expenses. It will be necessary for the Company to achieve gains in excess of these aggregate fees and costs in order for Shareholders to realise an increase in the net asset value of their Shares. There can be no assurance that the Company will be able to achieve such, or any, appreciation of its assets.

### **Litigation**

The Company's investment activities are subject to the normal risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments may have to be borne by the Company. In addition, certain of the Company's strategies may be subject to claims for the return of profits or the recovery of losses on the basis of certain statutory, regulatory or administrative entitlements or prohibitions.

### **Profit sharing**

In addition to receiving an annual management fee from a Managed Fund through the general partner and investment adviser, the Company may also receive a performance fee based on the appreciation in the net asset value of a Managed Fund and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains. The performance fee may create an incentive for the Company to make investments for the relevant Managed Fund which are riskier than would be the case in the absence of a fee based on the management of the Managed Vehicles.

### **Withholding tax considerations**

The Company may invest in securities that are subject to withholding tax on income and/or gains. Although the Company will seek to structure its investments in order to minimise such withholding tax there can be no assurance that the Company will be able to achieve this.

Where the Company invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. Typically, the Company will not be able to recover such withheld tax and so any change would have an adverse effect on the net asset value of the Shares. Where the Company sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Company.

### **UK taxation**

The Directors intend that the Company will continue to be managed and controlled in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, provided that the Company does not carry on a trade in the United Kingdom through a permanent establishment, the Company will not be subject to United Kingdom income tax or corporation tax on its profits other than on any United Kingdom source income, although the arm's length fee paid to the UK subsidiary for its services to the Company will be subject to tax. The precise amount of this fee will depend on the nature of the services provided and may be the subject of negotiations with HM Revenue and Customs.

### **Debt warehouse facilities**

The Company may not be able to put in place at the appropriate time any debt warehouse facilities to be utilised to lever assets as outlined in this document.

### **Risks relating to ramping-up of assets and warehousing facilities**

During the ramp-up phase of a portfolio, while assets are being warehoused with the intention of transferring such assets into Managed Vehicles which currently exist or which the Company intends to establish, income and performance may be distorted. This may arise from financing costs such as commitment fees and also from the lower return generated on uninvested cash prior to investment in further assets.

### **Profitability**

The profitability of the Company may be affected by any delay in implementation of the business plan of the Company, an increase in interest rates and overheads being higher than anticipated (as a result of more employees being required, greater travel costs and abortive deal costs and so on).

### **Risks relating to the Group's financing capabilities**

The Group may become unable to raise further corporate debt or financing for existing or new Funding Facilities or otherwise to extend its current financing capabilities as a result of, for example, the debt markets in which the Group operates being adversely affected by general economic conditions which are unrelated to the performance of the Group.

### **Risks relating to share prices**

The share price of shares in a publicly traded company may be highly volatile. The price at which such shares are traded and the price which investors may realise for their shares will be influenced by a large number of factors, some specific to the Group and its proposed operations and its ability to implement successfully its intended strategies, and some which may affect the business sectors in which the Group operates, AIM companies or quoted companies generally. These factors could include the performance of the Group's operations, large purchases or sales of its shares, liquidity (or absence of liquidity) in Ordinary Shares or such shares, legislative or regulatory changes relating to the business of the Group and general economic conditions. The value of shares could go up as well as down.

The shares currently held by the Company and any shares acquired by the Company in the future, whether in quoted or unquoted companies, may fluctuate in value and there will be a risk that any such equity investments could decrease in value.

### **The use of financial leverage by the Group may adversely affect the Group's return on its investments and may reduce the amount of cash available for distribution to shareholders**

The Directors expect that the application of leverage to investments will significantly increase the adverse impact caused by defaults of such investments. As part of the Group's earnings are expected to come from the difference between income received and interest expense, the Group's return on investments and cash available for distribution to holders of the Ordinary Shares may be reduced to the extent that its interest expense increases in the event of a general rise in interest rates.

The Group's ability to use leverage to acquire assets will be subject to a number of conditions, such as the credit-rating of such assets. In the event that the Group acquires an asset which subsequently ceases to comply with the Group's leverage conditions, such asset would become ineligible for leverage and this may result in a decrease in the Company's returns.

The Group may use repurchase agreements to finance its investments on a short term basis. A decrease in the value of an asset due to a default for example, could lead to margin calls which will have to be satisfied. Such margin calls may have the effect of reducing the value of the overall value of the Shareholders' investment in the Company. In the case that the Group does not have the necessary funds to satisfy such margin calls, this would result in foreclosure by the lenders on the assets.

### **The structure of the financing agreements could lead to a forced sale of assets**

It is the Directors' intention that the Company should arrange for the Group to enter into loans, repurchase and other financing agreements to finance the acquisition of assets and potentially enhance returns for the Shareholders. However, such agreements may contain specific clauses requiring the Group, amongst other things, to maintain certain financial ratios. Should the Group breach these financial covenants, the Group may be required to repay immediately in whole or in part the relevant facilities together with any costs pertaining to the default and may be forced to dispose of assets to comply with the relevant agreements. Additionally, such breach may force a sale of assets at an inopportune time, leading to further losses and a further requirement for asset sales. In certain circumstances, breaches of covenant may prevent other members of the Group from making distributions, or other payments, to the Company, or may prevent the Company from distributing any dividends to its Shareholders.

The Group's financing agreements may also contain cross-default provisions that could magnify the effect of an individual default and trigger defaults under other financing arrangements. If such a provision was to be exercised, it could result in significant losses for the Group.

### **Changes in tax treatment or their interpretation could affect investments using Special Purpose Vehicles ("SPVs")**

It is the Directors' intention to use SPVs (whose operations are limited to acquisition, ownership and financing of specific assets) to acquire and hold investments. The Directors intend where possible to structure such SPVs to be substantially exempt from or neutral to income tax in the relevant jurisdiction of incorporation and conduct their affairs so as not to be subject to, or subject to minimal, income tax in the jurisdictions in which they operate. Further, the Directors intend where possible to generally structure the SPVs so that they are not subject to withhold taxes on distributions made by, or on realisations of, the assets.

However, tax laws may change or be subject to differing interpretations, possibly with retroactive effect, so that the tax consequences of a particular investment or structure may change after the investment has been made or the structure has been established with the result that investments held may be subject to withholding tax or the SPVs may need to be unwound or restructured, in each case resulting in the Group's returns being reduced. The Group and the SPVs will be subject to such risk both in the jurisdiction of their respective incorporation and in each jurisdiction of their respective operations.

### **Many of the Group's assets will be subordinated securities**

A portion of the Group's investments will consist of limited recourse securities that are subordinated in right of payment and ranked junior to other securities that are secured by or represent ownership in the same pool of assets. In the event of a default and the exhaustion of any equity support together with any classes of securities junior to which the Group invests, the Group may not be able to entirely recover its original investment in such subordinated debt instruments. Moreover, if the underlying asset has been initially overvalued, this will further magnify the loss potential of the Group's investment.

In addition, certain of the Group's investments may have structural features that divert payments of interest and/or principal to more senior classes when certain thresholds of delinquency or loss experience of the pool are reached. As a result of these features, subordinated securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets.

Subordinated securities may not always have the right to call a default, vote on remedies following a default or may have to accept long standstill periods. This will lead, as a result, to a minimum time period elapsing before the Group would be in a position to declare a default on the relevant investment and to take appropriate measures.

### **Underwriting/Syndication strategy**

The Group, as a result of its ability to underwrite assets with a view to syndication to its final hold position, may be exposed to greater concentration risks in the short term than is anticipated on a stabilised basis. Furthermore, the Group is dependent on the Company's ability to syndicate such positions on a profitable basis.

### **Defaults on investments or underlying assets may have a negative impact on the value of the Group's portfolio and cash flows received**

A default on an investment will reduce the value of the investment and, consequently, the value of the Group's portfolio. To the extent that actual defaults exceed the level of defaults factored into the purchase price of the relevant investment by the Company, the value of the anticipated return from the investment will be reduced. The more deeply subordinated the position in which the Group invests, the greater the risk of loss. While the Group takes into account estimated levels of default when determining the prices for investments and the values at which those investments are carried in its books, any defaults in excess of expectations will have a negative impact on the value of the Group's investments and will reduce the cash flows that the Group receives from its investments and could adversely impact the Company's ability to pay dividends.

### **The Group may be exposed to counterparty risk**

The Group may enter into financing transactions (including transactions in over the counter markets) and hold investments (including synthetic securities) which would expose the Group to the credit risk of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of such a counterparty, the Group could experience delays in liquidating its position and significant losses, including the loss of that part of the Group's portfolio financed through such a transaction, declines in the value of its investment during the period in which the Group seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

### **The Group may be subject to liability following the disposal of investments**

While the Group intends to hold the majority of its investments to maturity, the Group may dispose of investments in some circumstances and may be required to give representations and warranties about those investments and to pay damages to the extent that any such representation or warranties turn out to be inaccurate. The Group may become involved in disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result of such disputes or litigation. If the Group does not have cash available to conduct such litigation or make such payments it may be required to borrow funds. Any such payments and borrowings to finance those payments could have an adverse impact on the Company's ability to pay dividends. In addition, if the Group is unable to borrow funds to make such payments, it may be forced to sell investments to obtain funds. There can be no assurance that any such sales could be effected on satisfactory terms.

### **A decline in the value or credit profile of the Group's investments may result in margin calls being made on the Group**

A decline in the value or credit profile of the investments contained in the Group's investment portfolio may result in the Group's lenders initiating margin calls. If a lender initiates a margin call the Group may be required to pledge additional collateral to re-establish the ratio of the value of the collateral to the amount of the borrowing. If the Group is unable to satisfy margin calls in relation to its secured borrowings and repurchase agreements, the Group's lenders may foreclose on the Group's collateral. This could, under adverse market conditions, force the sale of securities in the Group's investment portfolio, possibly at reduced prices. There can be no assurance that in those circumstances, the Group or such lender would be able to sell any such assets at their market value.

### **Concentration in any one industry, region, asset class, rating category or country may increase risk of defaults on debt obligations**

The risk that payments on the Group's investments could be adversely affected by defaults is likely to be increased to the extent that the Group's portfolio of investments is concentrated in any one industry, region, asset class, rating category or country as a result of the increased potential for correlated defaults in respect of a single industry, region, asset class, rating category or country to arise from downturns relating generally to such industry, region, asset class, rating category or country.

**Increase in managed assets**

The Group may experience a major increase in the assets that it manages which may adversely impair the Group's financial performance.

**The investments which the Group intends to acquire are generally illiquid**

The investments which the Directors intend that the Group should acquire are generally illiquid. Such illiquidity may affect the Company's ability to vary the Group's portfolio in a timely manner and/or receive a fair price or sell such investment in response to changes in economic, real estate market or other conditions.

This could have an adverse effect on the Group's financial condition and results of operations, with a consequential adverse effect on the market value of the Ordinary Shares or on the Company's ability to make distributions to Shareholders.

**Fluctuations and changes in interest rates may cause losses**

In the event of a significant rise in interest rates and/or an economic downturn, defaults on the Group's investments may increase and result in credit losses that may be expected to affect the Group's liquidity and operating results adversely. Interest rates are highly sensitive to many factors outside of the Group's control, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors.

**Hedging transactions may limit gains or result in losses**

The Company may use derivatives transactions (including forwards, futures, swaps and options) where it deems it appropriate to reduce the Group's exposure to interest rate and currency fluctuation for the purposes of efficient portfolio management. The Company may also use Credit Default Swaps to hedge the Group's investments against adverse market volatility. Hedging strategies have certain risks, including the risk that losses on a hedge position will reduce the cash available for distribution to shareholders and that such losses may exceed the amount invested in such instruments. A hedge may not be effective in eliminating all of the risks inherent in any particular position. The Group will also be exposed to the credit risk of the relevant counterparty with respect to relevant payments under derivative instruments.

**Unsuccessful transaction costs**

There is a risk that the Group may incur substantial legal, financial and advisory expenses arising from unsuccessful transactions which may include expenses incurred in relation to public offers and in dealing with transaction documentation and legal, accounting and environmental due diligence.

**Insolvency of debtors under investments may prevent payment in full or on time**

The insolvency of any debtor in respect of an Asset may affect its ability to use its funds to make payments in full or on time. Investments made by the Group may be subject to various laws for the protection of creditors in the jurisdiction of incorporation of the debtor and, if different, the jurisdiction from which the debtor conducts its business and in which it holds its assets, which may adversely affect such debtor's ability to make payments on time on a full or timely basis. These insolvency considerations will differ depending on the country in which the debtor or its assets are located and may differ depending on the legal status of the debtor.

**The ability of the Group to reinvest proceeds may be restricted**

The Group may dispose of, or receive prepayments of capital on, certain of the Group's investments and reinvest the proceeds thereof in substitute investments subject to compliance with the Group's investment guidelines and certain other conditions. The earnings with respect to such substitute investments will depend, among other factors, on reinvestment rates available at the time and on the availability of investments satisfying the investment guidelines and otherwise acceptable to the Group. The need to satisfy such guidelines and identify acceptable investments may require the Group to purchase substitute investments with a lower yield than those initially acquired or require that the sale proceeds be maintained temporarily in cash which may reduce the yield.

### **Asset valuation is inherently subjective and uncertain**

The valuation of assets is inherently subjective due to the individual nature of each asset, the debtor or debtors responsible for making payment in respect of such asset, and the security interests of any other lenders. As a result, valuations are subject to uncertainty. There is no assurance that any asset will produce returns sufficient to justify the costs incurred by the Group to acquire such assets.

### **The Company's ability to pay dividends will depend on it receiving sufficient earnings from underlying investments as well as certain legal and regulatory restrictions**

The level of dividends, if any, paid on the Ordinary Shares is not guaranteed and may fluctuate. The income derived from Ordinary Shares (if any) can go down as well as up. If under Jersey law there were to be a change to the basis on which dividends could be paid by Jersey companies, or if there are changes to accounting standards or to the interpretation of accounting standards, this could have an adverse effect on the Company's ability to pay dividends.

The Company currently intends to pay dividends semi-annually to the Shareholders out of investment income, but it has no obligation to do so and there can be no assurances that the Company will be able to pay dividends in the future. All dividends or other distributions will be made at the discretion of the Directors and will depend on the Company's earnings, financial condition, and such other factors as the Directors may deem relevant from time to time.

### **An adverse change in the Company's tax status or applicable tax legislation could have a negative effect on the Company's financial condition or prospects**

Any change in the Company's tax status or in taxation legislation in Jersey or any other tax jurisdiction affecting the Company could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective or alter the post-tax returns to Shareholders. Any such change could adversely affect the net amount of any dividends payable to Shareholders.

In addition, if the Company were treated as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which it invests, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax on a net basis.

### **The compensation of the personnel providing services to the Company contains significant performance related elements. Poor performance by the Company or other of the Company's funds may make it difficult for the Group to retain staff**

In common with most companies, the compensation of the Group's personnel who provide services to the Company contains significant performance-related elements which are funded by performance-related fees payable to the Company by its Managed Vehicles in respect of strong performance. Poor performance by the Company or by any of the Company's Managed Vehicles may reduce the amount available to pay performance-related compensation to the relevant personnel in the Group, which may result in those persons obtaining other employment. In that case, poor performance of Company and the Managed Vehicles may be further compounded by Group staff departures. In addition, as the performance-related compensation of the Group personnel will depend on the performance of more than one Managed Vehicle and not just the Company, poor performance of one Managed Vehicle could adversely impact another, better performing, Managed Vehicle if it led to the departure of Group personnel.

### **Conflicts of Interest**

Through the Financing Facilities and Managed Vehicles the Group intends to provide a wide range of financing alternatives. There may be overlap in the types of investments that the Company and the various Managed Vehicles make, requiring the Company to determine where to allocate such investments. Additionally, the interests of an equity holder, subordinated or mezzanine debt holder and senior debt holder will be divergent and conflicting in many circumstances. As a result, the Company and its officers and directors will face conflicts in managing these investments on behalf of the Company and the Managed Funds. Furthermore, certain directors or officers may have other relationships or interests with respect to a company in which equity or debt investment has been made, and these relationships or interests may create incentives for such individuals which are not wholly aligned with the interests of the Company. The Company has set procedures in place to resolve such conflicts.

## CERTAIN U.S. SPECIFIC RISK FACTORS

### **Lack of Regulation**

The Company is not an “investment company” under the U.S. Investment Company Act of 1940 (the “1940 Act”) and thus is not regulated by that statute. Additionally, neither the Company nor the Investment Advisor is not registered as an investment adviser under the Investment Advisers Act of 1940 and thus is not regulated by that statute. The Ordinary Shares have not been registered under the U.S. Securities Act of 1933 and thus are not entitled to many of the protections of the U.S. Securities Act of 1933.

### **Rule 144A Illiquidity**

The Ordinary Shares may not trade publicly in the United States and are subject to restrictions on transferability and resale. The Ordinary Shares may not be transferred or resold except as permitted by this Supplemental Disclosure Statement and pursuant to an applicable exemption from registration, including pursuant to Rule 144A. Thus, shareholders seeking to sell their shares are effectively limited to (1) sales to other Qualified Institutional Buyers, (2) requesting a redemption by the Company – please note that the Company at this time does not intend to redeem Ordinary Shares held by U.S. Persons, or (3) sales to non-U.S. Persons on a foreign public market, subject to (i) the delivery of an acceptable legal opinion to the Corporate Administrator that such sales are (a) permitted by applicable U.S. and foreign securities laws, and (b) would not constitute a public offering or cause either or both of the seller or the Company to be considered underwriters thereof, and (ii) delivery of an acceptable certification to the Company stating that such seller accepts all potential tax consequences of such sale.

### **U. S. Trade or Business Tax Issues**

The Company intends to operate so that it will not be deemed to be engaged in a trade or business within the United States under current U.S. federal income tax law and, therefore, will not be subject to U.S. federal income tax on its net income from U.S. sources. However, as noted in the Supplemental Disclosure Statement, it is possible that a contrary determination may be made. Such a determination would subject the Company to negative tax consequences and would likely reduce potential returns on investment.

### **Passive Foreign Investment Company Rules**

As noted in the Supplemental Disclosure Statement, the Company may be subject to passive foreign investment company rules, depending on circumstances that may be outside of the Company’s control. If the Company is judged to be a passive foreign income company for any taxable year, the Company will be subject to negative tax consequences that would likely reduce potential returns on investment.

### **Investment in Non-U.S. Investments and Instruments**

The Company’s investments are focused on asset-backed and non-asset backed sectors in the European small and medium enterprises. As such, the Company will invest mainly in companies domiciled outside the U.S. or in non-U.S. instruments. Investment in such non-U.S. companies and in non-U.S. instruments may involve greater risk than investment in U.S. investments and instruments, due to such factors as political and economic instability, fluctuations in currency prices and less stringent accounting standards or regulatory systems.

**PART III**  
**AUDITED RESULTS FOR THE PERIOD FROM**  
**30 AUGUST 2005 TO 31 DECEMBER 2006**

**KINGSTON SMITH'S REPORT TO THE SHAREHOLDERS**

We have audited the financial statements of ACP Capital Limited for the period ended 31 December 2006 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Companies (Jersey) Law. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We are not required to consider whether the directors' statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Corporate Governance Report and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2006 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991;
- the information given in the Directors' Report is consistent with the financial statements.

12 February 2007

Kingston Smith LLP  
Chartered Accountants & Registered Auditors

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**ACP Capital Limited**  
**Consolidated Income Statement**  
**For the period from 30 August 2005 to 31 December 2006**

	<i>Notes</i>	<i>£</i>
Increase in fair value of investments		15,771,223
Interest income	5	2,234,929
Fees receivable		1,798,883
Exchange movements		<u>(804,686)</u>
		19,000,349
Equity- settled share- based payments	14	(2,369,867)
Operating expenses	6	<u>(1,553,746)</u>
<b>Profit before tax</b>		15,076,736
Income taxes	8	<u>(69,061)</u>
<b>Profit for the period attributable to the equity shareholders</b>		<u><u>15,007,675</u></u>
<b>Earnings per share</b>		
Basic	13	22.92p
Diluted	13	21.50p

All activities relate to continuing operations

There are no recognised gains and losses other than the profit for the period stated above. Accordingly, a separate consolidated statement of recognised income and expense is not presented in these financial statements.

The movement in equity in the period is disclosed in note 12.

**ACP Capital Limited**  
**Consolidated Balance Sheet**  
**As at 31 December 2006**

	<i>Notes</i>	<i>£</i>
<b>Assets</b>		
<b>Non-current assets</b>		
Investments		
Equity investments at fair value through profit or loss	9	62,281,436
Loans and receivables	9	13,588,149
		75,869,585
Property, plant and equipment	10	24,787
<b>Total non-current assets</b>		75,894,372
<b>Current assets</b>		
Trade and other receivables	11	677,759
Cash and cash equivalents		10,769,468
<b>Total current assets</b>		11,447,227
<b>Total assets</b>		87,341,599
<b>Equity &amp; Reserves</b>		
Issued capital	12	77,237
Share premium	12	69,231,328
Share-based payments reserve	12	2,415,803
Retained earnings	12	15,007,675
<b>Equity Shareholders' funds</b>		86,732,043
<b>Current liabilities</b>		
Trade and other payables	15	540,495
Current income taxes	8	69,061
<b>Total current liabilities</b>		609,556
<b>Total liabilities</b>		609,556
<b>Total equity and liabilities</b>		87,341,599

The financial statements were approved by the Board of Directors on 12 February 2007 and were signed on its behalf by:

**Derek Vago**  
*Director*  
**12 February 2007**

**ACP Capital Limited**  
**Consolidated Cash Flow Statement**  
**For the period from 30 August 2005 to 31 December 2006**

	£
<b>Cash flow from operating activities</b>	
Purchase of investments	(86,585,723)
Sale of investments	26,246,652
Investment income	1,672,110
Fees received	1,140,576
Operating expenses	<u>(1,360,322)</u>
<b>Net cash outflow from operations</b>	<u>(58,886,707)</u>
<b>Cash flow from financing activities</b>	
Proceeds from issues of share capital	72,097,009
Amounts received from employees in respect of shares to be issued	334,983
Costs of issues of share capital	<u>(2,742,508)</u>
<b>Net cash inflow from financing activities</b>	<u>69,689,484</u>
<b>Cash flow from investing activities</b>	
Purchase of property, plant and equipment	<u>(33,309)</u>
<b>Net cash outflow from investing activities</b>	<u>(33,309)</u>
<b>Closing cash and cash equivalents</b>	<u>10,769,468</u>

**ACP Capital Limited**  
**Notes to the financial statements**  
**For the period from 30 August 2005 to 31 December 2006**

**1 General Information**

ACP Capital Limited (the “Company”) and its subsidiaries (together “the Group”) is a niche investment and fund manager. The company was incorporated on 30 August 2005 and registered in Jersey under registration number 91066. The Company’s shares were admitted to trading on AIM on 6 January 2006.

The Group consolidated financial statements were authorised for issue by the Board of Directors on 12 February 2007.

**2 Basis of preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union (“IFRS”). The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the period ended 31 December 2006. These consolidated financial statements also show a true and fair view of the profit of the Company for the period and of the state of the Company’s affairs at the end of the period and otherwise comply with the requirements of the Companies (Jersey) Law 1991; accordingly, separate financial statements for the company have not been presented.

The financial statements are presented in British pounds, the functional currency of the Group. They are prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the experience of the directors and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant techniques for estimation are described in the accounting policies or notes to the financial statements.

**3 Accounting policies**

The accounting policies have been consistently applied across the Group entities for the purpose of producing these consolidated financial statements. The significant accounting policies applied are as follows:

***Basis of consolidation***

Subsidiaries are entities controlled by the Group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Investments that are held as part of the Group’s investment portfolio are carried in the balance sheet at fair value even though the group may have significant influence over those companies. This treatment is permitted under IAS 28 “Investments in Associates”, which requires investments held by venture

capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in profit or loss in the period of the change.

### ***Investments***

Investments are recognised and derecognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investments. Investments classified as loans and receivables are initially measured at fair value which equates to cost and are subsequently carried in the balance sheet at amortised cost less impairment.

Income from loans and receivables is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to that asset's carrying value.

All listed and unlisted equity investments are designated as at fair value through profit or loss and subsequently carried in the balance sheet at fair value. The fair value of listed investments is based on quoted market prices at the balance sheet date. The fair value of unlisted investments is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Dividends from equity investments are recognised when the right to receive payment has been established.

### ***Property, plant and equipment***

Office equipment is stated at historical cost less depreciation. Depreciation is calculated on the straight line method to allocate the cost over the estimated useful lives of the assets. The estimated life of office equipment is 3 years.

### ***Other assets***

Assets, other than those specifically accounted for under a separate accounting policy, are stated at their cost less impairment losses. They are reviewed at each balance sheet date to determine whether there is any indication of impairment.

### ***Revenue recognition***

Fees earned are recognised as that service is provided.

### ***Cash & cash equivalents***

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above and other short-term highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of changes in value, net of bank overdrafts.

### ***Loans and borrowings***

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

### ***Other liabilities***

Liabilities, other than those specifically accounted for under a separate accounting policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the balance sheet date.

### ***Share-based payments***

The cost of awards to employees that take the form of shares or rights to shares is charged to the income statement on a straight line basis over the period to which the employee's performance relates and a corresponding amount is reflected in revenue reserves in shareholders' equity. The charge is calculated

as being the fair value of the shares or rights to shares at the date of grant, reduced by any consideration payable by the employee. Fair value is measured using a modified Black-Scholes option pricing model and is based on a reasonable expectation of the extent to which performance criteria will be met.

Equity-settled share-based payments for services supplied are measured at fair value by reference to the fair value of the shares or rights to shares at the date of grant to the supplier. The resultant fair value measured is charged to the income statement and a corresponding amount is reflected in revenue reserves in shareholders' equity. Share-based payments relating to share issues are taken directly to reserves in shareholders' equity.

#### ***Equity instruments***

Equity instruments issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over par value being credited to the share premium account. Direct issue costs are deducted from equity.

#### ***Exchange differences***

Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. The principal exchange rate used at 31 December 2006 was:

Euro                    1.486

#### ***Dividend distribution***

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### ***Interpretations to existing standards not yet applied***

At the date of approval of these financial statements there were a number of interpretations to existing Financial Reporting Standards that are not yet effective. The directors anticipate that the adoption of these interpretations will have no material impact on the Group's financial statements or will not be relevant to the activities of the Group.

### **4 Segment reporting**

The Group operates in only one business and geographical segment. Accordingly, no additional segment analysis is disclosed.

### **5 Interest income**

	£
Interest from loans and receivables	927,864
Interest from short term bank deposits	1,307,065
	<u>2,234,929</u>

### **6 Operating expenses**

Operating expenses include the following amounts: Services provided by the Group's auditor

During the period the Group obtained the following services from the Group's auditors, Kingston Smith LLP:

	£
<b>Audit services</b>	
Statutory audit	30,000
<b>Non-audit services</b>	
Taxation services	8,095
Assurance services	17,500
	<u>55,595</u>

### *Non-audit services*

Work is allocated to the auditors only if it does not impact the independence of the audit team. Due diligence provided by the auditors is carried out by teams which are independent of the audit process.

Assurance services are services which it is most efficient for the auditors to provide and are allocated to them subject to consideration of any impact on their independence.

### **7 Staff costs**

	<i>£</i>
Wages and salaries	773,936
Social security costs	23,064
Share-based payments cost (note 14):	
Share Options	610,406
Share Awards	1,759,461
	<u>3,166,867</u>
	<i>No.</i>
Number of employees (including Executive Directors)	11

### **8 Income taxes**

The income tax charge represents UK Corporation tax at standard rate of 30 per cent. chargeable on the Group's share of profits arising in ACP Capital (UK) LLP, a limited partnership in which the subsidiary, ACP Capital (UK) Limited, is the controlling partner. The company and a number of the subsidiaries are registered in Jersey as exempt companies and are, therefore, not liable to Jersey income tax on profits derived outside Jersey. Confirmation has been obtained from the Comptroller of Income Tax in Jersey that, by concession the companies will be liable to tax in Jersey only in respect of income, other than bank interest income, arising in Jersey. During the period no income, other than bank interest income, arose in Jersey. The subsidiaries resident in Cyprus had no income subject to Cyprus company taxes in the period.

### **9 Investments**

	<i>Equity Investments £</i>	<i>Loans and Receivables £</i>	<i>Total £</i>
Additions at cost	73,493,270	13,092,453	86,585,723
Disposals	(26,246,652)	—	(26,246,652)
Increase in fair value of investments	15,771,223	—	15,771,223
Interest income accrued	—	562,820	562,820
Exchange movements	(736,405)	(67,124)	(803,529)
<b>Closing book value</b>	<u>62,281,436</u>	<u>13,588,149</u>	<u>75,869,585</u>
Listed equity investments	48,226,057		
Unlisted equity investments	14,055,379		
	<u>62,281,436</u>		

Loans and receivables are represented by unlisted debt instruments.

## 10 Property, plant and equipment

	<i>Office equipment</i> £
<b>Cost</b>	
Additions in period	33,309
At 31 December 2006	<u>33,309</u>
<b>Depreciation</b>	
Charge for period	8,522
At 31 December 2006	<u>8,522</u>
<b>Net Book value</b>	
At 31 December 2006	<u><u>24,787</u></u>

## 11 Trade and other receivables

	£
Trade receivables	668,095
Prepayments and accrued income	9,664
	<u>677,759</u>

## 12 Movement in equity

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Share-based payments reserve</i> £	<i>Retained earnings</i> £	<i>Total</i> £
Profit for the period	—	—	—	15,007,675	15,007,675
Share options and awards granted	—	—	2,369,867	—	2,369,867
Issue of shares	77,237	72,019,772	—	—	72,097,009
Costs of share issue	—	(2,742,508)	—	—	(2,742,508)
Equity-settled share-based payments	—	(45,936)	45,936	—	—
<b>At 31 December 2006</b>	<u>77,237</u>	<u>69,231,328</u>	<u>2,415,803</u>	<u>15,007,675</u>	<u>86,732,043</u>

### *Share Capital*

	£
Issued and fully paid 77,237,497 ordinary shares of 0.1p par value.	<u>77,237</u>

The authorised number of ordinary shares is 100,000,000 of 0.1p each.

### *Share premium*

Share premium arose from the following share issues:

	<i>Date</i>	<i>Shares Issued</i>	<i>Proceeds (before issue costs)</i> £
Issued to founders as initial seed capital at £0.50 per share	1 December 2005	14,194,018	7,097,009
Issued on Placing in conjunction with admission to AIM at £1 per share	1 January 2006	50,000,000	50,000,000
Issued on secondary placing at £1.15 a share	1 December 2006	13,043,479	15,000,000
		<u>77,237,497</u>	<u>72,097,009</u>

### 13 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the equity shareholders of the Company is based on the following data:

	£
<b>Earnings</b>	
Earnings for the purposes of basic earnings per share being profit attributable to equity shareholders of the Company	<u>15,007,675</u>
<b>Number of shares</b>	
Weighted average number of ordinary shares for the purposes of basic earnings per share	65,479,704
Effect of dilutive potential ordinary shares	
Share options	<u>4,313,953</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>69,793,657</u>

### 14 Share-based payments

#### *Share options*

During the period, the Company granted options to purchase ordinary shares of the company to the following:

	<i>Number of options</i>	<i>Exercise price</i> £
Directors	4,000,000	0.001
Employees	1,096,667	0.001
Collins Stewart Limited	<u>500,000</u>	1.000
	<u>5,596,667</u>	

No options were exercised in the period.

Details of the options are as follows:

#### *Directors and Employees*

The options were granted under the ACP Capital Employee Option Plan. The options are not exercisable until 1st January 2010 are subject to certain Total Shareholder Return targets being achieved.

#### *Collins Stewart Limited*

The options were granted under a Trust Deed between the Company and Collins Stewart Limited as part of the arrangements relating to the Placing of shares in January 2006. The options are exercisable, in whole or part, anytime until January 2011.

The Company recognised the following total expenses and costs in respect of payments settled by options in the period:

	£
Recognised immediately as an expense and charged to Income statement	610,406
Recognised as cost of raising finance in respect of Placing of shares and taken directly to shareholders equity	<u>45,936</u>
	<u>656,342</u>

The total fair value of options granted in the period was £2,977,627

The inputs into a modified Black Scholes model used to calculate the fair values are as follows:

Expected Volatility	5%
Expected Life	3.8 years
Discount for newly listed company	20%
Dividend yield	2%

### ***Share Awards***

Shares awarded to directors and employees under the ACP Capital Employee Share Award Plan totalled 2,094,444. Under the rules of the Plan the Award holders were required to pay £334,983 to the company. The fair value of the Awards after deducting the amounts received from the Award Holders was £1,759,461 which has been expensed to the Income statement for the period. The Award Shares had not been issued at 31 December 2006.

## **15 Trade and other payables**

	£
Amounts received from employees in respect of shares to be issued	334,983
Trade payables	9,512
Accruals	196,000
	<hr/>
	540,495
	<hr/>

## **16 Financial risk management**

### ***Liquidity risk***

The Group had cash resources of £10,769,468 at the period end.

The directors currently view liquidity risk as low.

### ***Derivative financial instruments***

The company held no financial derivative instruments at 31 December 2006.

### ***Currency rate exposure***

The Group invests in assets denominated in currencies other than Euro. The value of such investments may therefore be affected by fluctuations in foreign exchange rates.

### ***Interest rates***

In the event of a significant rise in interest rates, defaults on the group's investments may occur. Interest rates are highly sensitive to many factors outside of the Group's control.

### ***Default of borrower***

Debt instruments held as part of the Group's investment portfolio consist of limited recourse securities that are subordinated in right of payment and ranked junior to other securities that are secured by or represent ownership in the same pool of assets. In the event of a default the Group may not be able to entirely recover its original investment in such assets.

### ***Foreign exchange risk***

The Group's exposure to foreign currencies at 31 December 2006 was as follows:

	<i>Euro</i> £	<i>Sterling</i> £	<i>Total</i> £
Total Assets	75,627,309	11,714,290	87,341,599
Total Liabilities	—	(609,556)	(609,556)
Net assets	<hr/> <u>75,627,309</u>	<hr/> <u>11,104,734</u>	<hr/> <u>86,732,043</u>

### **Interest rate risk**

The interest rate profile of the interest bearing financial assets and liabilities of the group is shown below in the table by the earlier of the contractual repricing or maturity date.

	<i>Within 1 year £</i>	<i>2-5 years £</i>	<i>Total £</i>
Fixed rates			
Loans and receivables	—	6,778,708	6,778,708
Floating rates			
Loans and receivables	6,810,441	—	6,810,441
Cash and cash equivalent	10,769,468	—	10,769,468
	<u>17,579,909</u>	<u>6,778,708</u>	<u>24,358,617</u>

## **17 Related parties**

### **ACP Mezzanine Limited**

During the period, the company sold its shareholdings in its then wholly owned subsidiaries, ACP Mezzanine Holdings 1 Limited and ACP Mezzanine Holdings 2 Limited, to ACP Mezzanine Limited for a consideration of £26,246,652. The consideration received was deemed to be the fair value of the underlying investments held by those subsidiaries at the date of sale.

During the period, ACP Investment Management Limited entered into an Investment Management Agreement with ACP Mezzanine Limited. Under the Agreement, ACP Investment Management Limited was appointed Investment Manager for an initial period of 3 years and given discretion to manage the investment portfolio of ACP Mezzanine Limited subject to certain guidelines. ACP Investment Management Limited is entitled to charge an annual management fee which is currently £1,102,500 (€1,750,000) based on 1.75 per cent. of the gross shareholders' equity of ACP Mezzanine Limited. The management fee charged to ACP Mezzanine Limited in the period ended 31 December 2006 was £508,483 (€753,450). ACP Investment Management Limited is also entitled to a performance fee equivalent to 25 per cent. above a benchmark return (minimum 2 per cent. per quarter). A performance fee was not earned in the period. At 31 December 2006, £98,143 was due from ACP Mezzanine Limited

During the period, the company was granted 10,141,200 options to acquire ordinary shares in ACP Mezzanine Limited at an exercise price of €1 per share as settlement for services provided in respect of the placing and admission to AIM of that company. The options are exercisable between July 2008 and July 2011.

### **Derek Vago**

Under the terms of an indemnity agreement between the Company and Derek Vago dated 12 December 2005, the Company has agreed to indemnify Derek Vago in connection with any adverse UK tax consequences arising out of his investment of seed capital in the company

## **18 Subsidiary companies**

<i>Name</i>	<i>Country of incorporation and registration</i>	<i>Percentage owned</i>	<i>Principal Activity</i>
ACP Investment Management Limited	Jersey	100%	Investment Manager
ACP Capital Nominee Limited	Jersey	100%	Trustee for Employee awards
ACP Capital (UK) Limited	Jersey	100%	Controlling member in LLP
ACP Capital Cyprus (HR) Limited	Cyprus	100%	Employment
ACP Capital (Cyprus) Limited	Cyprus	100%	Investment Holding
Perseus Holdings Limited	Jersey	100%	Investment Holding
ACP Capital (UK) LLP	England and Wales		Advisory services

All of the above subsidiary undertakings are fully consolidated in the accounts of the Group.

The Group has control of ACP Capital (UK) LLP as ACP Capital (UK) Limited is the controlling Member.

## **19 Fair Value**

The directors consider that the carrying amounts of assets and liabilities in the financial statements approximate to their fair value.

## **20 Dividends**

A dividend in respect of the period ended 31 December 2006 of 3p per share, amounting to a total dividend of £1,988,640, is to be proposed at the annual general meeting on 28 February 2007. The dividend is payable on all issued shares and on the shares granted under the Share Award Plan, except for the shares issued on the secondary placing. These financial statements do not reflect this dividend payable.

## **PART IV**

### **Additional Information**

*The information in this section includes a summary of some of the provisions of the Memorandum and Articles of Association and material contracts described below and is provided subject to the general provisions of each of such documents.*

#### **1. Responsibility**

To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and there is no information the omission of which is likely to affect the import of such information. The Directors, whose names, functions and business addresses are set out on page 4 of this document, accept responsibility individually and collectively for the information contained in this document.

#### **2. Incorporation and Administration**

The Company was incorporated with limited liability in Jersey on 30 August 2005 as a closed-ended investment company under the Companies Law with registered number 91066. The registered office of the Company is at Ordnance House 31 Pier Road, St. Helier, Jersey, JE4 8PW Channel Islands. The Company was admitted to trading on the AIM on 6 January 2006. The Company's accounting period will terminate on 31 December in each year and its first accounting period commenced on 30 August 2005 and ended on 31 December 2006.

Changes in the authorised and issued share capital of the Company since incorporation appear in section 3 below.

Kingston Smith LLP are the current auditors of the Company. The annual report and accounts have been and will continue to be prepared according to IFRS.

The Company has no administrative management or supervisory bodies other than the Board, the Remuneration Committee, the Audit Committee and the Nomination Committee, all of which have no members other than the Directors.

#### **3. Share Capital**

The authorised share capital of the Company on incorporation was £10,000.

The authorised share capital was increased to £6,250,000 by a special resolution of the members of the Company on 5th December 2005 and to £6,350,000 by a special resolution of the members of the Company on 14 December 2005. On 6 December 2005, 6,250,000 Ordinary Shares of £1.00 were issued to Langtry Trust Company (Channel Islands) Nominees Limited (the "Old Shares"). On 14 December 2005:

- (i) 2 Ordinary Shares of 0.1p were issued to LN Limited;
- (ii) 12,500,000 Ordinary Shares of 0.1p were issued to LN Limited at a price of 50p per share;
- (iii) the Old Shares were bought back by the Company in accordance with the Companies Law and the voting shares were surrendered to the Company in accordance with the Company's Articles of Association; and
- (iv) by the cancellation of the Old Shares, the Company's authorised share capital was reduced to £100,000 comprising 100 million Ordinary Shares of 0.1p each.

On 19 December 2005, a total of 1,694,018 Ordinary Shares of 0.1p were issued to Presidio Equity Partners 2005-1 LLC, SAS Acapace and Heiner Kamps at a price of 50p per share. The issued share capital of the Company immediately before the Company was admitted to AIM was £14,194,020. 50,000,000 Ordinary Shares were then placed in connection with the Company's admission to AIM in January 2006 and a further 13,043,479 Ordinary Shares were placed in December 2006 by way of a secondary placing.

There are currently 79,531,941 Ordinary Shares in issue as at the date of this document.

Pursuant to a circular to shareholders posted on 6 February 2007, the Directors recommended that the members of the Company pass Special Resolutions at the AGM held on 28 February 2007 in order to increase the authorised share capital of the Company from £100,000, divided into 100,000,000 Ordinary Shares of 0.1p each, to £350,000 divided into 350,000,000 Ordinary Shares of £0.001 each. The Special Resolutions were passed by the members at the AGM.

On the assumption that all of the Placing Shares available under the Placing are fully taken up, the anticipated issued share capital of the Company will be £199,532 immediately following completion of the Placing.

In accordance with the power granted to the Directors by the Articles, the Ordinary Shares will be allotted pursuant to a resolution of the Board passed on 28 February 2007, which is conditional upon the Placing. The allotment of such Ordinary Shares will not be made on a pre-emptive basis.

Subject to the exceptions set out in the section “Transfer of Shares” in section 4 below, Ordinary Shares are freely transferable and Shareholders are entitled to participate (in accordance with their rights specified in the Articles of Association) in the assets of the Company attributable to their Ordinary Shares in a winding up of the Company or a winding up of the business of the Company.

Save as disclosed in this Part IV, since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

All of the Shares will be in registered form and eligible for settlement in CREST.

#### **4. Memorandum and Articles of Association**

##### ***Memorandum of Association***

In accordance with the Companies Law, the Memorandum of Association of the Company does not contain an objects clause. The Company intends to carry on the business of an investment holding and management company.

##### ***Articles of Association***

The Articles were adopted pursuant to a special resolution of the Company passed on 14 December 2005. The Articles contain (among others) provisions to the following effect:

##### ***Voting***

Subject to any rights or restrictions as to voting attached to any class of shares at any general meeting: (i) on a show of hands every member who is present in person and every person present who is the duly authorised representative of one or more corporations shall have one vote; and (ii) on a poll every member who is present in person or by proxy has one vote for every share of which he is the holder.

A member is not entitled to vote if any calls or other monies due in respect of his shares remain unpaid and a shareholder may be disenfranchised where he, or a person appearing to be interested in shares fails to comply with a notice from the Company requiring him to indicate the capacity in which he holds such shares or any interest in them.

##### ***Dividends and distributions***

Dividends may be declared by ordinary resolution but shall in no event exceed the amount recommended by the Directors.

Subject to the rights of persons (if any) entitled to shares with special dividend rights, all dividends will be paid according to the amounts paid up (otherwise than in advance of calls) on the nominal value of the shares on which the dividend is paid.

The Directors may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Company. If any member shall be in default in supplying to the Company any information required by any notice given pursuant to Article 44 of the Articles, the Directors, provided the relevant shares represent at least 0.25 per cent in nominal value of the issued shares of their class at the date of the notice, may by notice to such member direct that any dividend (or any part thereof) or other monies payable on such shares (except on a winding up of the Company) shall be retained by the Company which shall have no obligation to pay interest and that any right to receive any additional shares in the Company in lieu of any dividends in accordance with the articles shall be of no effect.

On a winding up of the Company, the Company's assets available for distribution shall be divided among the members in proportion to the nominal amounts of capital paid up or credited as paid up on the shares held by them, subject to the terms of issue of or rights attached to any shares.

#### ***Unclaimed dividends***

Any dividends unclaimed may be used for the benefit of the Company until claimed. Any dividend which is still unclaimed twelve years after having become due for payment shall be forfeited and shall revert to the Company.

#### ***Untraced shareholders***

The Company may sell any shares in the Company of a member who is untraceable if, during a period of twelve years:

- (i) no cheque order or warrant addressed to the member or the person entitled to such shares by transmission has been cashed;
- (ii) no communication has been received from such member or any person entitled to the shares by transmission;
- (iii) the Company has paid at least three cash dividends (whether interim or final) and no such dividend has been claimed; and
- (iv) the Company gives notice to the London Stock Exchange and in both a national newspaper and a newspaper circulating in the area where the member's last known address is located of its intention to sell.

#### ***Variation of rights***

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of share may be varied or abrogated in such manner (if any) as may be provided by such rights, or, in the absence of any such provision, with the consent in writing of the holders of three-quarters of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

#### ***Alteration of capital***

The Company may by special resolution:

- (i) increase its share capital;
- (ii) consolidate and divide all or any of its share capital;
- (iii) cancel any shares which at the date of passing of the resolution have not been taken, or agreed to be taken, by a person and diminish the amount of its capital by the amount of shares so cancelled; and/or
- (iv) subject to the Companies Law sub-divide its shares or any of them into shares of smaller amounts.

The Company may by special resolution reduce its share capital or any capital redemption reserve or share premium account or other undistributable reserve in any manner and with and subject to any conditions, authorities and consents required by law.

### ***Transfer of shares***

All transfers of certificated shares shall be effected by instrument in writing, in any usual or common form or in any other form acceptable to the Directors and shall be signed by or on behalf of the transferor and, if the share is partly paid, by the transferee. Uncertificated shares may be transferred in accordance with the Uncertificated Securities Order and the facilities and requirements of the relevant scheme concerned. The Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of a share:

- (i) to more than four joint holders;
- (ii) where the share is not fully paid, provided that such action does not prevent dealings in the shares from taking place on an open and proper basis;
- (iii) on which the Company has a lien;
- (iv) which is in respect of more than one class of share;
- (v) which has not been duly stamped (if so required by law); and
- (vi) which has not been delivered for registration or is not supported by evidence of transfer of title.

In respect of shares held in certificated form (and in respect of shares held in uncertificated form to the extent compatible with the CREST Regulations), the Board may refuse to register any transfer of shares, or may require the transfer of shares owned or which appear to be owned directly by any person who, by virtue of his holding, may in the opinion of the Directors give rise to a breach of any applicable law or requirement in any jurisdiction or may cause or be likely to cause the Company or shareholders of the Company some legal, pecuniary or material disadvantage or cause or be likely to cause the assets of the Company to be considered “plan assets” within the meaning of the regulations adopted under the United States Employee Retirement Income Security Act of 1974, as amended, or which holding would or might result in the Company being required to register or qualify under the United States Investment Company Act of 1940 or other US law or if the Directors consider that the continued investment by such shareholder would contravene the criteria for eligibility for investing in the Company determined by Directors from time to time.

### ***Disclosure of interest in shares***

Under the Articles, a shareholder is required to notify the Company when he acquires an interest in, or ceases to have an interest in, shares equal to 3 per cent or more of the Company’s share capital. A further obligation for the shareholder to notify the Company will arise, once this threshold is reached, for each transaction that either increases or decreases the shareholders’ interest in the Company through a whole percentage point.

### ***Directors***

- (i) Unless otherwise determined by ordinary resolution, the number of the Directors shall not be less than two.
- (ii) A majority of the Directors shall not be resident in the United Kingdom. Meetings of Directors shall only be held in a jurisdiction such that their meeting will not constitute a place of business in that jurisdiction.
- (iii) Each of the Directors is entitled to receive, by way of ordinary remuneration for his services in each year, such sum as the Board may determine, provided that such fees shall not exceed in aggregate £150,000 per annum or such larger amount as the Company may by ordinary resolution decide. The Directors are also entitled to be repaid all travelling, hotel and other expenses necessarily incurred by them in or about the performance of their duties as Directors. The Board may also grant additional special remuneration to any Director who, being called upon, performs any special duties outside his ordinary duties as a Director.
- (iv) A Director shall not be disqualified from his office by contracting with the Company, nor is any contract or arrangement entered into on behalf of the Company in which any Director is in any way interested liable to be avoided, nor is any Director so contracting or being so interested liable to account to the Company for the profit realised thereby, but the nature of his interest must be declared by the Director at a meeting of the Company Board.

- (v) Save as provided below, a Director may not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of, or otherwise in or through, the Company. A Director will not be counted in the quorum for a meeting in relation to any resolution on which he is debarred from voting.
- (vi) A Director shall (in the absence of a material interest other than those indicated below) be entitled to vote (and be counted in a quorum) in respect of any resolution concerning any of the following matters:
  - (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
  - (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (c) any proposal concerning an offer of shares or debentures or other securities in or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof,
  - (d) any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of a beneficial interest in one per cent or more of any class of share capital of such company or of the voting rights available to the members of the relevant company;
  - (e) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefit scheme which is approved by or subject to the approval of the Inland Revenue or relating to any arrangement for the benefit of employees generally which does not accord to him as a Director any privilege or advantage not generally accorded; or
  - (f) any proposal concerning the purchase and/or maintenance of an insurance policy under which a Director may benefit.
- (vii) There is no requirement for Directors to hold qualification shares.
- (viii) The articles do not specify any age limit for Directors, who may remain in office when they are over 70. However, any Director who reaches the age of 70 shall retire and, if willing to act, must seek re-appointment at each subsequent annual general meeting.
- (ix) One third of the Directors must retire at each annual general meeting. The Directors to retire on each occasion will include those who held office at the preceding two annual general meetings and who did not retire by rotation at either of them and also, so far as necessary to obtain the number required, those who wish to retire and those longest in office. A Director who retires, if willing to act, may be reappointed.

### ***General meetings***

The Company shall hold an annual general meeting within 15 months of the last annual general meeting of the Company. All general meetings other than annual general meetings shall be called extraordinary general meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit and shareholders may convene an extraordinary general meeting in accordance with the Companies Law.

An annual general meeting, and an extraordinary general meeting convened for the passing of a special resolution or a resolution of which special notice has to be given, shall be convened by at least 21 clear days' notice. All other extraordinary general meetings shall be convened by at least 14 clear days' notice.

The notice shall specify the place, day and time of the meeting together with the general nature of the business to be transacted at the meeting. The notice may also specify the time by which a person must be entered on the Register of Members in order for such a person to have the right to attend and vote at the meeting. No business shall be transacted at a general meeting unless at least two people entitled to attend and vote are present.

### ***Powers of borrowing and mortgaging***

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge the whole or any part of its undertaking, property and assets and uncalled capital, and to issue debentures and other securities. The Directors must ensure that the aggregate amount for the time being of all borrowing of the Company and its subsidiaries less the group's cash deposits and liquid resources (as defined) (other than owing by the Company and any of its subsidiaries in respect of intra group borrowings) does not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the "adjusted equity shareholders' funds" (as defined in the Articles).

### **5. Directors' and Other Interests**

5.1 In so far as is known to the Company, the interests of each Director including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, such Director whether or not held through another party, in the share capital of the Company, together with any options in respect of such capital immediately following the Placing, are set out below. All such Ordinary Shares allotted and issued will be beneficially held by such Directors unless otherwise stated.

<i>Name</i>	<i>Before the Placing</i>			<i>After the Placing (Assuming all Placing Shares are subscribed for)</i>		
	<i>Number of Ordinary Shares</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares under Option</i>	<i>Number of Shares</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares under Option</i>
Derek Vago*	12,500,000	15.72	2,500,000	12,900,000	6.47	2,500,000
Eric Youngblood	700,000	0.88	750,000	700,000	0.35	750,000
Nikolaj Larsen	700,000	0.88	750,000	700,000	0.35	750,000
Heiner Kamps	675,000	0.85	—	675,000	0.34	—
François Georges**	675,000	0.85	—	675,000	0.34	—
Alan Braxton***	343,882	0.43	—	343,882	0.17	—
Hilary Valentine	—	—	—	—	—	—
Craig Stewart	—	—	—	—	—	—

\* Through a nominee company, Langtry Trust Co (Channel Islands) Limited

\*\* By virtue of his interest in SAS Acapace

\*\*\* By virtue of his interest in Presidio Equity Partners 2005-1 LLC

As at the date hereof, in so far as is known to the Company, the following persons are or will be, immediately following the Placing, directly or indirectly interested in 3 per cent or more of the Company's issued share capital:

<i>Name</i>	<i>Before the Placing</i>			<i>After the Placing</i>		
	<i>Number of Ordinary Shares</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares under Option</i>	<i>Number of Shares</i>	<i>% of Issued Share Capital</i>	<i>Number of Ordinary Shares under Option</i>
Tosca Fund Management	—	—	—	28,880,000	14.47	—
Morley Fund Management	9,428,550	11.86	—	23,028,550	11.54	—
Artemis Investment Management	8,521,739	10.71	—	14,121,739	7.08	—
Derek Vago*	12,500,000	15.71	2,500,000	12,900,000	6.47	2,500,000
QVT Financial	—	—	—	12,000,000	6.01	—
AXA Framlington Investment Management	—	—	—	8,000,000	4.01	—
UBS Global Asset Management	3,503,497	4.41	—	7,503,497	3.76	—
The Baupost Group	—	—	—	7,200,000	3.61	—
Jupiter Asset Management	6,082,084	7.65	—	6,082,084	3.05	—
MPC Investors Ltd	3,000,000	3.77	—	4,600,000	2.31	—
Rathbone Investment Management	2,598,920	3.27	—	3,398,920	1.70	—
Credit Suisse Asset Management	3,319,276	4.17	—	3,319,276	1.66	—
Electricity Supply Pension Scheme	3,000,000	3.77	—	3,000,000	1.50	—
Hansa	3,000,000	3.77	—	3,000,000	1.50	—

Save for the interests of Directors disclosed in this paragraph 5.1, as at the date hereof, in so far as is known to the Company, no person is or will, immediately following the Placing, be directly or indirectly interested in 3 per cent, or more of the Company's share capital.

- 5.2 Craig Stewart and Hilary Valentine are also directors of Computershare Investor Services (Channel Islands) Limited, which is party to the new offshore registrar agreement referred to in paragraph 6.5 below. Craig Stewart is also a director of R&H Fund Services (Jersey) Limited, which is party to the new corporate administrator agreement referred to in paragraph 6.6 below.
- 5.3 None of the Directors/Shareholders referred to above has shareholder voting rights which are different from other holders of Ordinary Shares.
- 5.4 None of the Directors has a service contract with the Company, although each of Derek Vago (Chief Executive Officer) and Nikolaj Larsen (Head of Strategic Investments) has a service contract with ACP Capital (Cyprus) HR Limited (“**ACP HR**”).
- 5.5 Except as disclosed in paragraph 5.2 above, none of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.
- 5.6 The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or, immediately following the Placing, could exercise control over the Company.
- 5.7 With the exception of the loan to Eric Youngblood (referred to in paragraph 5.8 below), no loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 5.8 Pursuant to Eric Youngblood's service contract with the Company's subsidiary undertaking ACP HR dated 30 November 2006, ACP HR made a loan of £100,000 available to Eric Youngblood. The loan provides for interest to accrue on the principal amount at the rate of 3 month LIBOR plus 1 per cent and for the full amount of the loan and all interest, costs and

charges to be repaid on the second anniversary of the date of the service agreement. The sole purpose of the loan was to enable Eric Youngblood to acquire shares in, and at his sole discretion, either the Company or IFR Capital. Eric Youngblood drew down the full amount of the loan and used such sum to acquire 200,000 shares in the Company in accordance with the terms and conditions of such loan. The 200,000 shares in the Company were issued to Eric Youngblood on 12 February 2007.

- 5.9 In addition to their directorships of the Company, the Directors hold or have held the following directorships, and are or were members of the following partnerships, over or within the past five years:

<i>Name</i>	<i>Current Directorship/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Derek Vago	ACP Capital Limited ACP Capital Cyprus (HR) Limited ACP Capital (Cyprus) Limited ACP Capital Nominee Limited ACP Capital (UK) Limited ACP Capital UK LLP ACP Investment Management Limited ACP Mezzanine Limited ACP Mezzanine Asset Holdings 1 Limited ACP Mezzanine Asset Holdings 2 Limited IFR Capital plc	Barrett Brothers (London) Limited Clarion Events Limited Earls Court Limited Earls Court & Olympia Catering Company Limited Earls Court & Olympia Group Limited Earls Court & Olympia Group Pension Earls Court & Olympia Holdings Limited Earls Court & Olympia Limited Earls Court & Olympia Management Limited Earls Court Property Limited Earls Court Realty Limited Earls Court Real Estate Limited ECANDO Systems Limited Femston Limited Olympia Conferences Limited Olympia Exhibitions Limited Olympia Limited Olympia Property Limited Opex Exhibitions Limited Spare Propco Limited St James Capital Casino & Hospitality Limited St James Capital ECO Holdings Limited St James Capital G Gate Property Limited St James Capital Olympia Two Limited St James Capital Seagrave Road Limited The Environment, Wildlife and Conservation Exhibition and Conference Limited Trustees Limited
Heiner Kamps	ACP Capital Limited ACP Investment Management Limited IFR Capital plc Kamps Food Retail Investments S.A Nordsee GmbH	Ace Group International Limited BHV GmbH Kamps Airplane GmbH Kamps Food Retail Service Holding GmbH Swiss Private Office Switzerland

		Limited
François Georges	ACP Capital Limited ACP Investment Management Limited Acapace S.A. Acapace Conseil SNC Aegide Promotion Investissement SARL Green Participation S.A. Green Buyco BV Hotel du Golf-Arcs 1850 SNC PV Management 1 Limited	Pierre et Vacances S.A. SITI S.A.
Alan Braxton	ACP Capital Limited ACP Investment Management Limited Presidio Equity Partners 2005-1 LLC Real Estate Advisory Council	None. Presidio Partners LLC
Eric Youngblood	ACP Capital Limited ACP Capital UK LLP	None.
Nikolaj Larsen	ACP Capital Limited ACP Capital UK LLP IFR Capital plc Nordsee GmbH	S.N. Properties (Luxembourg) S.N. GP S.a.r.L. Property Langenfeld S.a.r.L. Property Augsburg S.a.r.L. Property Weinheim S.a.r.L. Property Trier S.a.r.L. Property Bamberg/Muenchen S.a.r.L. Property Hof S.a.r.L. Property Siegen S.a.r.L. Property Gelsenkirchen S.a.r.L. Property Wuerzburg S.a.r.L.
Craig Stewart	ACP Capital Limited ACP Investment Management Limited Automotive Design Limited Billiton ESOP Trustee Limited British Airways Employee Benefits Trustees (Jersey) Ltd Burrage Funds Limited Commerzbank Global Alternatives Limited Computershare Investor Services (Channel Islands) Limited Computershare Nominees (Channel Islands) Limited Computershare Trustees (C.I.) Limited ETF Securities Limited ETFS Commodity Securities Limited ETFS Oil Securities Limited Gold Bullion Holdings (Jersey) Limited Gold Bullion Securities Limited HB Multi-Strategy Fund Limited Iona Fund Managers Limited Iona Fund Services Limited Iona Shareholder Services Limited	Cofina Limited Gold Bullion Securities April 2004 Limited R&H Fund Services (Guernsey) Limited Renaissance Fund Management (Jersey) Limited Volcafe International Limited

	Investor Resources International Limited	
	OH Securities Limited	
	Ordnance Nominees Limited	
	Parket Limited	
	Personal Choice Portfolios Limited	
	R&H Fund Services (Jersey) Limited	
	R&H Investments Limited	
	Rawliason & Hunter, Jersey Partnership	
	R&H Registrars (Jersey) Limited	
	Reckitt Benckiser Employees' Trustees (Jersey) Ltd	
	Royal Bank Of Scotland Fund Managers (Jsy) Ltd	
	Stamford House (Jersey) Limited	
	Woodbourne Nominees Limited	
	Woodbourne Securities (Jersey) Limited	
Hilary Valentine	ACP Capital Limited	None
	ACP Investment Management Limited	
	Billiton ESOP Trustee Limited	
	British Airways Employee Benefits Trustees Limited	
	Computershare Investor Services (Channel Islands) Limited	
	Computershare Nominees (Channel Islands) Limited	
	Computershare Trustees (C.I.) Limited	
	Reckitt Benckiser Employees' Trustees Limited	
	Stamford House (Jersey) Limited	

## 6. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business have been entered into by the Company in the two years immediately preceding the date of this document and are, or may be material:

### 6.1 *Original Placing Agreement between the Company and Collins Stewart*

On 20 December 2005 the Company entered into a placing agreement with the Directors and Collins Stewart (the “**Original Placing Agreement**” and the “**Original Placing**”). Pursuant to the Original Placing Agreement Collins Stewart agreed, on and subject to the terms and conditions of the Original Placing Agreement, as agent for the Company to use its reasonable endeavours to procure subscribers for up to 50 million placing shares at a placing price of £1 per Ordinary Share.

### 6.2 *Lock-In Deed and Orderly Market Agreement*

Pursuant to a deed dated 20 December 2005 and made between the Shareholders (together the “**Covenantors**”), the Company and Collins Stewart and in compliance with the AIM Rules each of the Covenantors agreed that he would not, and would procure that no person connected with him would, subject to certain exceptions, dispose of:

- (a) any Ordinary Shares held by him at admission until the first permissible dealing date under the AIM Rules and the Model Code following the approval in general meeting of the Company’s annual accounts for the financial year ending 31 December 2006 (the “**Initial Period**”); and

- (b) for a period of 12 months from the end of the Initial Period, the Covenantors further agreed, in order to maintain an orderly market, that if any Covenantor wished to sell his Ordinary Shares he would notify and consult with Collins Stewart for a period of 5 business days before to any sale, provided that Collins Stewart is still appointed as the nominated adviser to the Company.

### 6.3 *Nominated Adviser and Broker Agreement*

Pursuant to an agreement dated 20 December 2005 and made between the Company, the Directors and Collins Stewart, the Company appointed Collins Stewart to act as its nominated adviser and broker for the purposes of the AIM Rules for a minimum period of twelve months for an annual retainer fee of £35,000 plus VAT payable half yearly in advance. Such appointment shall continue until terminated by either the Company or Collins Stewart giving the other three months' notice following the initial term and on various other grounds.

### 6.4 *Option Deed*

Pursuant to an option deed between the Company and Collins Stewart dated 20 December 2005, the Company granted an option to Collins Stewart to such number of Shares as is equal to 1 per cent. of the aggregate number of placing shares placed by Collins Stewart pursuant to the Original Placing, for a period of 5 years after admission and for a price of 100 pence per Share.

### 6.5 *Offshore Registrar Agreement*

Pursuant to an offshore registrar agreement between Capita IRG (Offshore) Limited and the Company dated 19 December 2005, Capita IRG (Offshore) Limited was retained by the Company to maintain the Company's register of members and provide related services. Following the termination of the offshore registrar agreement referred to above, the Company appointed Computershare Investor Services (Channel Islands) Limited to maintain the Company's register of members and provide related services pursuant to a new offshore registrar agreement dated 14 February 2007.

### 6.6 *Company Administration Agreements*

Pursuant to (1) a company administration agreement dated 19 December 2005 and made between Capita Financial (CI) Limited, the Company and the beneficial owner(s) of all of the Shares in issue at the relevant time and, (2) a letter of engagement from the Corporate Administrator to Derek Vago also dated 19 December 2005, Capital Financial (CI) Limited was engaged by the Company to provide management, administration and secretarial services to the Company. Following the termination of the company administration agreement referred to above, R&H Fund Services (Jersey) Limited ("**R&H**") were engaged as corporate administrator pursuant to a new corporate administration agreement dated 22 January 2007 and made between R&H and the Company. R&H has been engaged by the Company to provide management, administration and secretarial services to the Company and, in particular:

- (i) to act as corporate administrator of the Company;
- (ii) to provide or arrange suitable office accommodation in Jersey at which meetings of the Directors may be held;
- (iii) the provision of secretarial services to and for the Company.

The fees, charges and expenses payable by the Company to R&H are prescribed in accordance with R&H's published terms from time to time or such other terms as may be agreed between R&H from time to time. Either R&H or the Owner may terminate the agreement on serving three month's written notice of termination on the other.

### 6.7 *Indemnity Agreement*

Pursuant to an indemnity agreement between the Company and Derek Vago dated 19 December 2005, the Company agreed to indemnify Derek Vago in connection with any adverse UK tax consequences arising out of his investment of seed capital.

6.8 ***ACP Mezzanine Placing Agreement***

The Company entered into a placing agreement with ACP Mezzanine, the directors of ACP Mezzanine and Collins Stewart. Under the placing agreement Collins Stewart agreed, on and subject to the terms and conditions of the placing agreement as agent for ACP Mezzanine, to use its reasonable endeavours to procure subscribers for 98,588,000 ordinary shares in the capital of ACP Mezzanine at a price of €1 per ordinary share.

6.9 ***Initial Portfolio Acquisition Agreement***

An agreement dated 20 July 2006 and made between the Company and ACP Mezzanine pursuant to which the Company sold and ACP Mezzanine purchased the entire issued share capital of each of ACP Mezzanine Asset Holdings 1 Limited and ACP Mezzanine Asset Holdings 2 Limited. The agreement contains limited warranties given by the Company as to title, capacity and material information.

6.10 ***Hive Down Agreement with ACP Mezzanine Asset Holdings 1 Limited***

Pursuant to a hive down agreement dated 20 July 2006 and made between the Company and ACP Mezzanine Asset Holdings 1 Limited (“**Transferee 1**”), the Company transferred various mezzanine assets to Transferee 1 in consideration of the issue of 18,281 ordinary shares of no par value in the Transferee to the Company.

6.11 ***Hive Down Agreement with ACP Mezzanine Asset Holdings 2 Limited***

Pursuant to a hive down agreement dated 20 July 2006 and made between the Company and ACP Mezzanine Asset Holdings 2 Limited (“**Transferee 2**”), the Company transferred to Transferee 2 (i) €10 million of a senior mezzanine loan due and owing from Nordsee and Nordsee Gesellschaft m.b.h to the Company pursuant to a term and facilities agreement dated 29 September 2005, and (ii) €10 million of a junior mezzanine loan due and owing from Nordsee and Nordsee Gesellschaft m.b.h to the Company pursuant to the same term and facilities agreement, in consideration of the issue of 20,000 ordinary shares of no par value in the Transferee to the Company.

6.12 ***Investment Manager Option Deed relating to ACP Mezzanine Shares***

Pursuant to an option deed dated 20 July 2006 and made between ACP Mezzanine and the Company, ACP Mezzanine granted an option to the Company to subscribe for an aggregate number of ACP Mezzanine ordinary shares equal to 10 per cent. of the issued share capital of ACP Mezzanine at Admission. The options will be fully vested and immediately exercisable on the date of grant at an exercise price per ordinary share equal to the placing price of ACP Mezzanine.

6.13 ***Investment Management Agreement between ACP Mezzanine and ACP Investment Management Limited***

Pursuant to an investment management agreement dated 20 July 2006, by and between ACP Mezzanine and ACP Investment Management Limited, ACP Investment Management was appointed the investment manager for ACP Mezzanine and its subsidiaries to advise on and to manage its mezzanine investments. Suitable mezzanine investments include any asset, investment, right or interest which has a rating lower than an investment grade (BBB- or below from S&P and Fitch Ratings or Baa3 or below from Moody’s), is unrated, or a credit default swap which is not a first loss position (most junior source of capital in a capital structure). ACP Investment Management can also borrow, on both a secured and unsecured basis, or enter into a contract to supplement ACP Mezzanine’s assets. ACP Investment Management will be entitled to a management fee of 1.75 per cent. of the gross equity of the Company payable monthly in arrears, and a performance fee calculated based on the Company’s net income before tax, gross equity and an applicable interest rate over three-month periods. The term of this agreement is for a minimum of three years from the date of this agreement unless there is written mutual consent to terminate earlier. After the three-year period, this agreement may be terminated by giving 24 months written notice or by the payment of a termination fee by ACP Mezzanine. The termination fee is twice the four most recent quarterly payments of the management fee and performance fee payable under this agreement. This agreement is governed by the laws of Jersey.

6.14 ***Trademark Licence Agreement***

Pursuant to a Trademark Licence Agreement dated 20 July 2006 and made between the Company and ACP Mezzanine, the Company granted to ACP Mezzanine a non-exclusive royalty-free licence to use the “ACP” trade mark in connection with its business in any territory in the world (the “**Licence**”). The Licence is to continue in force until terminated. Termination events include termination of the investment management agreement between ACP Mezzanine and ACP Investment Management Limited.

6.15 ***Acquisition Agreement to acquire shares in KFRI by ACP Cyprus***

Pursuant to an acquisition agreement dated 10 May 2006, by and between Heiner Kamps and ACP Cyprus, ACP Cyprus purchased certain Class A ordinary shares in KFRI from Heiner Kamps.

6.16 ***Subscription Agreement to purchase shares in KFRI***

Pursuant to a Subscription Agreement dated 10 May 2006, by and between KFRI and ACP Cyprus, ACP Cyprus subscribed for certain Class A and Class B ordinary shares in KFRI.

6.17 ***Loan Agreement and Subordination Agreement***

Pursuant to a loan agreement dated 10 May 2006, by and between the Company and KFRI, the Company provided a corporate loan of €9.25 million to KFRI. Pursuant to a subordination agreement of the same date by and between the Company, KFRI, TML Invest s.a.r.l., Heiner Kamps and ACP Cyprus, the shareholder loans provided by TML Invest s.a.r.l., Heiner Kamps and ACP Cyprus were subordinated to the corporate loan. The corporate loan has since been repaid.

6.18 ***Acquisition Loan Agreement***

Pursuant to an acquisition loan agreement dated 10 May 2006, by and between ACP Cyprus and KFRI, ACP Cyprus provided a loan of €735,800 to KFRI for the purpose of the repayment of certain loans to Nomura International plc. The acquisition loan provides that interest has accrued from 29 September 2005 at a rate of 3.75 per cent. and repayment is due seven years after 29 September 2005.

6.19 ***Finance Loan Agreement***

Pursuant to a finance loan agreement dated 10 May 2006, by and between ACP Cyprus and KFRI, ACP Cyprus provided a loan of €2,514,200 to KFRI for the purpose of the repayment of certain loans to Nomura International plc. The finance loan provides that interest has accrued from 29 September 2005 at a rate of 9.75 per cent. and repayment is due seven years after 29 September 2005.

6.20 ***Advisory Services Agreement between the Company and IFR Capital***

Pursuant to an advisory services agreement dated 8 November 2006, by and between the Company and IFR Capital, the Company was appointed as IFR Capital’s investment manager to provide investment management and advisory services to IFR Capital and its subsidiaries and to assist in the co-ordination and conduct of its day-to-day operations. As investment manager, the Company is responsible for advising and evaluating new business opportunities put forward by the CEO of IFR Capital. The Company is entitled to a management fee of 0.3 per cent. of the market value of the company, which is calculated on the basis of outstanding debt and equity. The management fee for the first year of this agreement is €1.5 million. The Company is also entitled to an arrangement fee for arranging and underwriting any debt for IFR Capital. Such arrangement fee is to be agreed between ACP Capital UK and IFR Capital on a deal by deal basis. This agreement is for a minimum period of three years from 8 November 2006, after which the agreement will continue unless and until terminated by the mutual written consent of all parties. Termination fees apply if this agreement is terminated within the said three-year period.

6.21 ***Acquisition Agreement for KFRI Shares by IFR Capital***

Pursuant to an acquisition agreement dated 14 December 2006, by and between FITA Investments S.A.R.L. (“**FITA**”) (First Purchaser), Heiner Kamps and Others (First Vendors), IFR Capital PLC (Second Purchaser) and FITA and Others (Second Vendors), IFR Capital acquired the entire issued share capital of KFRI in exchange for cash and shares in IFR Capital for a total consideration of €130 million. Pursuant to a supplementary agreement to the acquisition

agreement dated 8 January 2007, between the First Purchaser and the First Vendors, the consideration payable by the First Purchaser to the First Vendors for the acquisition of shares in KFRI was altered.

#### 6.22 *Assignment of Shareholder Loans*

Pursuant to a first assignment of shareholder loans agreement dated 8 January 2007, by and between: ACP Cyprus and others, FITA and KFRI, the benefit of certain shareholder loans made by ACP Cyprus and others to KFRI were assigned by ACP Cyprus and others to FITA. Pursuant to a second assignment of shareholder loans agreement dated 10 January 2007, by and between FITA, IFR Capital and KFRI, the benefit of the same loans was assigned by FITA to IFR Capital.

#### 6.23 *Acquisition of Nordsee Senior Debt of €80 million from Nomura (Facility A under the Facilities Agreement)*

On 22 December 2006, ACP Mezzanine Asset Holdings 2 Limited (“**ACP Mezzanine Holdings**”) took over the rights and obligations of Nomura Funding Facility Corporation (“**Nomura FFC**”) in respect of Nomura FFC’s €80,000,000 Facility A commitment made pursuant to a €106,500,000 facility agreement (the “**Facility**”). The borrowers were (and remain) Nordsee and Nordsee Gesellschaft m.b.H.

ACP Mezzanine took over the rights and obligations of Nomura International as facility agent and security agent in connection with the Facility, and the security interests were transferred to ACP Mezzanine.

The security includes a number of pledges and assignments entered into by various companies in the borrowers’ group under Austrian and German law. A Swiss pledge over shares was also granted by Nordsee, but the share certificates do not appear to have been issued and it is therefore doubtful that this security was ever perfected.

The terms of the Facility were amended, including, amongst other things:

- (a) an amendment to the definition of “Change of Control”, such that ownership of voting shares is relevant as well as “control” of the relevant company;
- (b) a reduction of the threshold in the definition of “Permitted Financial Indebtedness” from €10,000,000 to €5,000,000;
- (c) an amendment to the definition of “Termination Date”, such that Facility A becomes repayable on 30 June 2007 and the revolving facility became repayable on the date of the transfer of the debt to ACP Mezzanine; and
- (d) an amendment to the basis on which the financial covenants in the facility agreement are calculated, such that historical information will be used rather than both historical and forecast information.

Following the amendment to the terms of the Facility, ACP Mezzanine Holdings entered into a participation agreement pursuant to which ACP Mezzanine Holdings, IFR Capital and the Company participated in the loan by making limited recourse loans to ACP Mezzanine Holdings of €40,000,000, €30,000,000 and €10,000,000 respectively.

#### 6.24 *Employee Share Option Plan*

The Company adopted an employee share option plan (the “**ESOP**”) on 30 November 2006, pursuant to which the remuneration committee of the board of directors of the Company is entitled to determine a Group employee’s eligibility to receive share options in the Company. For each of the first three years of the Company’s operation, the Directors are entitled to award options to acquire shares equivalent to up to 10 per cent. of the then issued share capital of the Company. The share options are granted without charge and will vest three years after the date of the award. The awards are subject to an annual TSR and performance target of 12.5 per cent. for the given year (this includes dividends received and share capital appreciation based on market value). Entitlement to the options is in full if the annual TSR of 12.5 per cent. is achieved and declines on a straight line basis to 50 per cent. at an annual TSR of 10 per cent., with no entitlement below that level. If the performance target in a given year is missed, the award holder

will have up to the relevant vesting period for those options to achieve the return, so long as the average return (over the period) is equivalent. The options are exercisable at the end of a three year period following the achievement of the performance target. The options are granted with a nominal exercise price, which in respect of all options granted to date has been equal to the par value of the shares.

#### **6.25 *Employee Share Award Plan***

The Company adopted an Employee Share Award Plan (the “**ESAP**”) on 30 November 2006, pursuant to which the remuneration committee of the board of directors of the Company is entitled to determine a Group employee’s eligibility to receive share awards in the Company. The remuneration committee determines the acquisition price of such share awards. The ESAP provides that such share awards may only be made within a period of eighteen months following the Company’s admission to AIM.

#### **6.26 *Grant of Share Awards and Options to Purchase Shares in ACP Capital***

On 30 November 2006, options to subscribe for an aggregate of 5,096,667 Ordinary Shares in the capital of the Company were awarded to certain of the Directors and employees of the Company pursuant to and in accordance with the ESOP. On the same date a total of 2,094,444 Ordinary Shares were awarded to certain of the Directors and employees of the Company pursuant to and in accordance with the ESAP.

#### **6.27 *Advisory Services Agreement between the Company and ACP Capital UK LLP***

Pursuant to an advisory services agreement dated 5 December 2006 by and between the Company and ACP Capital UK LLP, ACP Capital UK LLP was appointed as the Company’s advisor to provide advice and to evaluate new business opportunities put forward by the CEO of the Company and to procure the execution of all its transactions in Europe. ACP Capital UK LLP is entitled to a fee equivalent to 120 per cent. of the Company’s budget, which is calculated and based on the estimated cost of executing the Company’s business plan. The budget for year 2006 was initially £1,150,000, although this was subsequently reduced to £700,000. The term of this agreement is for five years, which commenced on 4 January 2006. ACP Capital UK LLP does not have any power to bind the Company with respect to any transaction. Under the agreement, ACP Capital UK LLP is required to provide advisory services exclusively to the Company.

#### **6.28 *Secondary Placing Agreement between the Company and Collins Stewart***

On 1 December 2006 the Company entered into a placing agreement with Collins Stewart in connection with a secondary placing of Ordinary Shares in the Company to certain institutional investors. Under the placing agreement Collins Stewart agreed, on and subject to the terms and conditions of the placing agreement, as agent for the Company to use its reasonable endeavours to procure subscribers for up to 17,391,304 placing shares at a placing price of £1.15 per Ordinary Share.

#### **6.29 *Leverage Facility with Deutsche Bank AG***

On 6 March 2007, ACP Capital raised a committed leverage facility (the “**Facility**”) with Deutsche Bank AG (“**DB**”), pursuant to a letter agreement with DB confirming the terms and conditions of a structured sale and repurchase transaction (the “**Confirmation**”) incorporating an International Swaps and Derivatives Association, Inc. (“**ISDA**”) Master Agreement, a Schedule to the Master Agreement and an ISDA Credit Support Annex. The effective date of the Confirmation is 6 March 2007 and the termination date is 6 June 2012.

Under the Facility, ACP may receive advances from DB of up to approximately £89.6 million (increasing to £96 million if 10 per cent. of the portfolio of pledged assets has an investment grade rating) against eligible bond or eligible loan collateral posted by ACP. The Confirmation includes ramp up targets, based on the amount of collateral pledged, of £50 million for the period to 6 December 2007, a ramp up target of £90 million for the period 7 December 2007 to 6 June 2008 and a ramp up target of £125 million for the period from 7 June 2008 to 6 December 2008.

The Facility is subject to early termination in the event that both Derek Vago and Eric Youngblood cease to act on behalf of ACP Capital in principally the same or similar capacity as that held currently, or if ACP Capital fails to continue to meet certain net worth requirements.

### 6.30 *Placing Agreement*

- (a) On 19 March 2007 the Company entered into a placing agreement with Collins Stewart (the “**Placing Agreement**”). Under the Placing Agreement, Collins Stewart agreed, on and subject to the terms and conditions of the Placing Agreement, to act as agent for the Company to use its reasonable endeavours to procure subscribers for up to 120 million Placing Shares at a price of £1.25 per Placing Share.
- (b) The obligations of Collins Stewart under the Placing Agreement are conditional, *inter alia*, on admission of the Placing Shares to trading on AIM (“**New Admission**”) becoming effective not later than 8.00 a.m. on 23 March 2007 (or such later time, not being later than 8.00 a.m. on 13 April 2007, as the Company and Collins Stewart may agree). Collins Stewart is entitled to terminate the Placing Agreement in certain specified circumstances prior to New Admission.
- (c) Subject to New Admission, the Company has agreed to pay to Collins Stewart a commission of up to 3.75 per cent of the aggregate subscription price for the Placing Shares which are placed by Collins Stewart; such commission to be inclusive of any payment arrangements Collins Stewart may have in place with any of its agents, delegates and/or Placees
- (d) The Placing Agreement contains warranties and indemnities given to Collins Stewart by the Company as to the accuracy of information contained in this document and other matters relating to the Company and its business.
- (e) The Company will issue the Placing Shares pursuant to the Placing. The aggregate gross proceeds from the Placing will be £150 million (assuming that all the Placing Shares are placed).
- (f) The period within which placing participants may be accepted pursuant to the Placing and arrangements for the payment and holding of monies payable under the Placing Agreement pending New Admission are set out in the Placing Agreement and in the placing letters to be sent to prospective placees (the “**Placing Letters**”).
- (g) The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement and in the Placing Letters. The Placing Shares have been conditionally placed.

### 6.31 *Collins Stewart Engagement Letter*

Pursuant to an engagement letter dated 19 March 2007 and made between the Company and Collins Stewart, the Company engaged Collins Stewart to provide corporate finance and broking advice and services in connection with the Placing and to continue to act as the Company’s nominated adviser pursuant to its engagement letter with the Company dated 20 December 2005.

## 7. **Litigation and arbitration**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Directors are aware) against, or being brought by, the Company within the 12 months prior to the date of this document which are having, or may have, or have had in the recent, past a significant effect on the Company’s financial position or profitability.

## 8. **General**

- 8.1 Kingston Smith LLP has given and has not withdrawn its written consent to the inclusion of references to it herein in the form and context in which it appears and to the inclusion of its report in this document. To the best of the knowledge of Kingston Smith LLP (who have taken all reasonable care to ensure that such is the case) the information contained in its report is in accordance with the facts and contains no omission likely to affect its import.
- 8.2 Collins Stewart has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name in the form and context in which it appears.
- 8.3 Computershare Investor Services (Channel Islands) Limited and R&H Fund Services (Jersey) Limited have given and have not withdrawn their written consent to the issue of this document with the inclusion of their names in the form and context where they appear.

- 8.4 The Placing is being carried out on behalf of the Company by Collins Stewart, which is authorised and regulated by the FSA.
- 8.5 The principal place of business and registered office of the Company is at Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW, Channel Islands.
- 8.6 There are no arrangements in force for the waiver of future dividends. There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.
- 8.7 The costs and expenses (including value added tax where relevant) of, and incidental to, the Placing payable by the Company will be no more than approximately 3.93 per cent, of the gross proceeds. On the basis that 120 million Ordinary Shares are issued under the Placing, the estimated net proceeds are expected to be £144,100,000 and will be applied as described in Part 1 of this document. The maximum number of Ordinary Shares available under the Placing should not be taken as an indication of the number of Ordinary Shares finally to be issued.
- 8.8 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The Articles of Association of the Company permit the holding of the Shares under the CREST system. The Directors intend to apply for the Placing Shares to be admitted to CREST with effect from New Admission. Accordingly it is intended that settlement of transactions in the Placing Shares following New Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrar.
- 8.10 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 8.11 The Group does not own any premises and does not lease any premises, with the exception of its leased office space at Macmillan House, 96 Kensington High Street, London W8 4SG.
- 8.12 Save as disclosed in this document, there are no patents, intellectual property rights, licences or any industrial, commercial or financial contracts or new manufacturing processes which are or maybe material to the business or profitability of the Company.
- 8.13 The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets.
- 8.14 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 31 December 2006 being the date of the audited financial results of the Company for the period 30 August 2005 to 31 December 2006.

## **9. Availability of Document**

Copies of this document can be obtained during normal business hours until the Placing closes from Collins Stewart Europe Limited at 9th Floor, 88 Wood Street, London EC2V 7QR.

## **10. Documents Available For Inspection**

Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Mishcon de Reya, Summit House, 12 Red Lion Square, London WC1R 4QD during normal business hours on any week day (Saturdays and Public Holidays excepted) until 23 April 2007:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the material contracts which are summarised in Part IV, paragraph 6 above;
- (c) the consents referred to in paragraph 8 above; and
- (d) this document.

Date: 20 March 2007

