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This document is an admission document required by the rules of AIM, a market operated by the London Stock Exchange. This document does not comprise a prospectus for the purposes of the Prospectus Rules issued by the Financial Services Authority. This document has not been delivered to the Isle of Man Financial Supervision Commission for registration as a prospectus pursuant to section 38 of the Isle of Man Companies Act 1931 on the basis that the offer of Ordinary Shares constituted hereby is a "private placement" as defined in the Isle of Man Companies (Private Placements) (Prospectus Exemptions) Regulations 2000. This document and the Placing have not been approved by the Isle of Man Financial Supervision Commission or any other governmental or regulatory authority in or of the Isle of Man. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Stephenson Harwood, One, St. Paul's Churchyard, London EC4M 8SH for a period of one month from the date of Admission in accordance with Rule 3 of the AIM Rules.

The Directors of the Company, whose names appear on page 4 of this document, and the Company accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Ordinary Shares issued and to be issued pursuant to the Placing to be admitted to trading on AIM. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Further, the London Stock Exchange has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in the Ordinary Shares will commence on AIM, on 26 February 2007.**

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

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## **Naya Bharat Property Company plc**

*(Incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 with registered number 118539C)*

**Placing of 60 million ordinary shares of US\$0.01 each  
at US\$1 per share, exclusive of an initial charge of up to 3 per  
cent. per share payable in full on subscription**

**Admission to trading on AIM**

***Nominated Adviser and Broker***  
**Panmure Gordon (Broking) Limited**

***Placing Agent***  
**Charlemagne Capital (UK) Limited**

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Charlemagne Capital (UK) Limited, which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Charlemagne Capital (UK) Limited will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Charlemagne Capital (UK) Limited nor for providing advice in relation to the transactions and arrangements detailed in this document. Charlemagne Capital (UK) Limited is not making any representation or warranty, express or implied, as to the contents of this document and accordingly, without limiting the statutory rights of any recipient of this document, no liability is accepted by Charlemagne Capital (UK) Limited for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible.

Panmure Gordon (Broking) Limited, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Panmure Gordon (Broking) Limited will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Panmure Gordon (Broking) Limited nor for providing advice in relation to the transactions and arrangements detailed in this document. The responsibilities of Panmure Gordon (Broking) Limited as the Company's nominated adviser for the purposes of the AIM Rules and as broker are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Panmure Gordon (Broking) Limited is not making any representation or warranty, express or implied, as to the contents of this document and accordingly, without limiting the

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

The information in this document is not an offer to sell securities of the Company to the public in the Federal Republic of Germany, and an offer and sale of the securities may only be made in the Federal Republic of Germany to a restricted circle of investors or institutional investors who on a professional or commercial basis purchase shares themselves for their own account or for the account of a third party in compliance with Section 2 of the German Securities Sales Prospectus Act (Wertpapier-Verkaufsprospektgesetz). No sales prospectus has been or will be published with respect to the securities and no application to the competent authorities has been made under the German Sales Prospectus Act to publicly market the securities. Accordingly, neither this document nor any other offering document may be distributed to the public in Germany.

This document has not been approved by the Financial Regulator as the competent authority in Ireland under the Prospectus Directive as implemented into Irish law pursuant to Irish Prospectus Law (as defined in the Investment Funds, Companies and Miscellaneous Provisions Act, 2005) nor has it been approved, where appropriate, by a competent authority in another Member State and notified to the Financial Regulator pursuant to such Irish Prospectus Law and therefore this document does not constitute a "prospectus" for the purposes thereof. As a result, no Ordinary Shares may be offered or sold in Ireland in circumstances that would constitute an offer to the public within the meaning of Irish Prospectus Law at any time other than in circumstances which do not require the publication by the Company of a prospectus pursuant to the Irish Prospectus Law.

The Company is not and does not qualify as a foreign investment fund under Article 45 of the Swiss Federal Mutual Fund Act of 18 March 1994. Ordinary Shares may only be offered and this document may only be distributed in Switzerland to investors whose assets are professionally managed provided that no public offer is made. Investors should consult their own professional advisers on the regulatory and tax implications of their acquiring, holding or disposing of Ordinary Shares under the laws of the jurisdiction in which they are liable to taxation.

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## PLACING STATISTICS

Placing Price	US\$1
Number of Ordinary Shares being issued pursuant to the Placing	60,000,000
Estimated expenses of the Placing payable by the Company *	US\$3,090,417
Estimated net proceeds of the Placing receivable by the Company*	US\$56,909,583
Market capitalisation at the Placing Price*	US\$60,000,000
ISIN number	IM00B1N95Z00
SEDOL code	B1N95Z0
TIDM code	NBPC

*\* assuming the Placing is fully subscribed*

## EXPECTED PLACING AND ADMISSION TIMETABLE

Admission to trading on AIM and commencement of dealings	26 February 2007
CREST stock accounts credited (as applicable)	26 February 2007
Contract notes despatched (as applicable)	28 February 2007

## DEFINITIONS

"Act"	the Isle of Man Companies Act 1931 (as amended)
"Administrator"	Anglo Irish Fund Services Limited or such other administrator as may be appointed by the Company from time to time
"Administration Agreement"	the agreement dated 21 February 2007 between the Company and the Administrator as described in paragraph 7.3 of Part VIII of this document
"Admission"	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	the rules of AIM
"Articles"	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part VIII of this document
"Board" or "Directors"	the board of directors of the Company including a duly constituted committee thereof
"Business Day"	any day on which banks in each of the Isle of Man and the United Kingdom are open for business excluding Saturdays and Sundays
"Charlemagne Group"	Charlemagne Capital Limited and its subsidiaries including the Manager and the Placing Agent
"Combined Code"	the principles of good governance and code of best practice prepared by the Committee on Corporate Governance and published in June 2006
"Company"	Naya Bharat Property Company plc
"CREST"	the relevant system in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
"CRESTCo"	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
"CREST Regulations"	the Isle of Man Uncertificated Securities Regulations 2005
"Custodian"	Anglo Irish Bank Corporation (I.O.M.) P.L.C. or such other custodian as may be appointed by the Company from time to time
"Custodian Agreement"	the agreement dated 21 February 2007 between the Company and the Custodian as described in paragraph 7.4 of Part VIII of this document
"Financial Services Authority" or "FSA"	the United Kingdom Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000 and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
"Group"	the Company and its subsidiaries from time to time
"Introduction Agreement"	the agreement dated 21 February 2007 between the Company, the Manager, the Directors and the Nominated Adviser as described in paragraph 7.5 of Part VIII of this document

"Law"	the Isle of Man Companies Acts 1931 to 2004 and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
"London Stock Exchange"	London Stock Exchange plc
"Management Agreement"	the agreement dated 21 February 2007 between the Company and the Manager as described in paragraph 7.1 of Part VIII of this document
"Manager"	Charlemagne Capital (IOM) Limited
"Memorandum"	the memorandum of association of the Company
"Net Asset Value" or "NAV"	the net asset value of the Company as calculated on a monthly basis by the Administrator
"Net Asset Value per Share"	the Net Asset Value divided by the number of Ordinary Shares in issue
"Nominated Adviser", or "Panmure Gordon"	Panmure Gordon (Broking) Limited
"Nominated Adviser Agreement"	the letter agreement dated 21 February 2007 between the Company and the Nominated Adviser as described in paragraph 7.6 of Part VIII of this document
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of US\$0.01 each in the capital of the Company
"Placing"	the conditional placing by Charlemagne Capital (UK) Limited on behalf of the Company of 60 million Ordinary Shares at US\$1 per share
"Placing Agent"	Charlemagne Capital (UK) Limited
"Placing Agreement"	the agreement dated 21 February 2007 between the Company, the Manager, and the Placing Agent relating to the Placing, as described in paragraph 7.2 of Part VIII of this document
"Placing Price"	US\$1 per Ordinary Share
"Placing Shares"	60 million Ordinary Shares
"Prospectus Directive"	the EU Prospectus Directive (2003/71/EC)
"Shareholder"	a holder of Ordinary Shares
"Sterling" or "£"	pounds sterling, the lawful currency from time to time of Great Britain
"UKLA"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"US" or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"US Dollars" or "US\$"	US dollars, the lawful currency from time to time of the US
"Valuation Day"	the last Business Day of each month or such other day or days as the Directors shall determine

## DIRECTORS AND ADVISERS

### Directors

Shankar Dey (*Non-executive Chairman*)  
James Rosapepe (*Non-executive Director*)  
Anderson Whamond (*Non-executive Director*)  
Jonathan Bradley (*Non-executive Director*)

all of the registered office below

### Company Secretary

Suzanne McSheffery  
C/o Anglo Irish Fund Services Limited  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man IM1 2SH

### Registered Office

Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man IM1 2SH

### Manager

Charlemagne Capital (IOM) Limited  
Regent House  
16-18 Ridgeway Street  
Douglas  
Isle of Man IM1 1EN

### Nominated Adviser and Broker

Panmure Gordon (Broking) Limited  
Moorgate Hall  
155 Moorgate  
London EC2M 6XB

### Placing Agent

Charlemagne Capital (UK) Limited  
39, St James's Street  
London SW1A 1JD

### Administrator and Registrar

Anglo Irish Fund Services Limited  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man IM1 2SH

### Custodian

Anglo Irish Bank Corporation (I.O.M.) P.L.C.  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man IM1 2SH

### Auditors, Tax Adviser & Reporting Accountant

KPMG Audit LLC and KPMG LLC  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man IM99 1HN

### English Law Adviser to the Company

Stephenson Harwood  
One, St. Paul's Churchyard  
London EC4M 8SH

### Isle of Man Law Adviser to the Company

Cains Advocates Limited  
15-19 Athol Street  
Douglas  
Isle of Man IM1 1LB

### Solicitors to the Nominated Adviser

Nabarro Nathanson  
Lacon House  
Theobald's Road  
London WC1X 8RW

## **PART I - RISK FACTORS**

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it or its subsidiary companies operate or intend to operate as well as overall global financial conditions.

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

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

### ***New company***

The Company was incorporated on 8 December 2006 and has no operating history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its investment objective and that the value of a Shareholder's investment in the Company could decline substantially. There can be no assurance that the Company will be able to achieve any of the returns referred to in this document. The Group may be unable to find a suitable number of attractive opportunities to meet its investment objectives and those that are or have been identified may not be completed. Shareholders will be relying on the ability of the Manager to identify, negotiate and structure the investments to be made by the Group. The past performance of portfolios managed by the Manager is not, and should not be relied upon as, a guide to the future performance of the Company.

### ***AIM***

The Ordinary Shares will be admitted to AIM. The AIM Rules are less demanding than those of the Official List of the UKLA. Further, the London Stock Exchange has not itself examined or approved the contents of this document. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

### ***Investment objective***

There is no guarantee that the investment policy adopted by the Company will provide the returns sought by the Company. There can be no guarantee, therefore, that the Company will achieve its investment objective.

### ***No guarantee as to future performance***

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

### ***Share price volatility and liquidity***

Investors should recognise that the price of the Ordinary Shares and the income from them can go down as well as up and investors may therefore not recover any or all of their original investment. The price performance of the Ordinary Shares is expected to represent an amplification of any upward or downward market movement affecting the value of the Group's investments, due to the effect of gearing.

Investors will have no right to redeem Ordinary Shares. The only way to realise Ordinary Shares will be by sale in the market.

The price at which the Ordinary Shares may trade and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and some which may affect quoted companies generally. These factors could include the performance of the Group's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value.

### ***Illiquidity and valuation risks***

The Company intends to perform NAV calculations on a monthly basis. As a result the price of Ordinary Shares may not accurately reflect the value of the Group's underlying assets between calculations.

Investments may be made by the Group in unlisted companies whose securities should be considered illiquid. The risk of investing in such companies is much greater than the risk of investing in publicly traded securities. Moreover, these unlisted companies are not regulated by the same disclosure and investment protection terms that apply to listed companies.

### ***Management***

The success of the Group will depend to a large extent on the ability of the Manager to select and realise appropriate investments and the loss of the Manager's services, or the loss of certain employees of the Manager, could have a material adverse effect on the Group's performance.

### ***Conflicts of interest***

The Directors, the Manager and any member of the Charlemagne Group and any of their shareholders, officers, employees, agents and affiliates ("Interested Parties") may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with the Company. The Manager (or any other Interested Party) may, for example, make investments on its own behalf or for other clients. Situations may arise in which the Manager's own account activities or those of its affiliates or those made on behalf of other clients may disadvantage the Company.

### ***Difficulty of identifying and securing suitable investments***

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

### ***Gearing***

The Group may employ leverage in connection with its investments. Although the use of leverage may enhance returns and increase the number of investments that can be made, it would also substantially increase the risk of loss. The inability of the Group to pay interest due on loans may require the Group to sell assets at an undervalue or at a time when the value of its assets is low. Any increase in interest rates due on such loans would increase the costs of the Group's borrowings and may have an adverse effect on returns to the Company and accordingly may have a negative impact on the Net Asset Value.

### ***Controlling person liability and non-controlling interests***

The Group may have controlling interests in some of its investments. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Group might suffer a

significant loss. In certain cases, the Group may hold non-controlling interests in some of its investments and, therefore, may have a limited ability to protect its position in such companies.

#### ***Market cycle***

Timing to market cycle is very important in the property sector. There will always be risks associated with the market cycle.

#### ***Concentration risk***

The Group may make only a limited number of investments and these may involve a higher degree of risk. Poor performance by even a few of these investments could lead to adverse effects on the returns received by the Group.

#### ***Currency exchange rates risk***

Investors should be aware that movements in the rate of exchange between US Dollars and the Indian Rupee could have an adverse impact on returns to investors. It is not anticipated that the Company will hedge the exchange rate risk on its financing between US Dollars and the Indian Rupee.

Movements in the foreign exchange rate between US Dollars and the currency applicable to a particular Shareholder may have an impact upon that Shareholder's returns in their own currency of account.

#### ***General risks associated with the Group's investments***

Changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), industry conditions, competition, political and diplomatic events, tax laws, environmental laws, changes in the law and other factors can substantially and either adversely or favourably affect the value of the securities in which the Group invests and, therefore, the Company's performance and prospects.

The Group's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of securities, and there can be no assurance that appreciation in the value of those investments will occur. There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Group's valuation of that investment for the purposes of calculating the Net Asset Value.

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for the Group to liquidate positions and thereby expose the Group to losses.

Investment in emerging securities markets involves a greater degree of risk than that usually associated with investment in more developed securities markets. In particular, liquidity and settlement risks may be greater in India, accounting standards may not provide the same degree of shareholder protection as would generally apply internationally, national policies may restrict the investment opportunities available to foreign investors and assets may be subject to increased political and/or regulatory risk.

To the extent the Group invests in unlisted securities or investments where there is no established market, it may be restricted in its ability to sell such investments. Therefore, disposing of such investments may take longer and realising the full value of such investments may be more difficult than would be the case with listed investments.

The Group may invest in freely transferable low exercise price warrants ("warrants"), low strike price options ("options"), zero coupon equity linked notes or other similar instruments. While the Group's potential to invest indirectly in Indian equities through warrants and options is intended to enable the Group to take advantage of the greater market efficiencies that are sometimes available through such indirect investment methods, such an investment carries with it a certain amount of counterparty risk related to the creditworthiness of the issuer of the option or warrant, in addition to the performance of the underlying security to which it is desired to gain exposure.

A warrant or option will usually be an equity call warrant or option with an exercise price close to zero and which is therefore nominal relative to the market price of the underlying instrument at the time of issue. The buyer of a warrant or option effectively pays the full value of the underlying instrument at the outset. In the case of any exercise of warrants or options, the exercise or settlement date of the warrants or options may be affected by certain market disruption events, such as the imposition of capital controls by a local jurisdiction or changes in the

laws relating to foreign investments. These events could lead to a change in the exercise date or settlement currency of the warrants or options, or postponement of the settlement date. The value of a warrant or option will be subject to ongoing change in response to market and economic conditions. Factors that may affect the pricing of a warrant or option include the current value of the share underlying the warrant or option and the relationship between the value and the exercise price, the current value of related interests, the style of the warrant or option, the individual estimates by market participants of the future volatility of the share, the amount of time remaining until expiration of the warrant or option, interest rates, the effect of supply and demand (including the depth of liquidity) in the market for the warrants/options as well as the markets for the underlying shares and for related interests, and other factors generally affecting the prices or volatility of underlying shares, related interests or securities generally.

#### ***Property specific risks***

The Group will not invest in property directly but, as a result of the Group's policy of investing in property securities, the Group will have an indirect exposure to the risks associated with direct property ownership. These include: property being a relatively illiquid asset class; property assets being inherently subjective in value due to the individual nature of each property; extended void periods in tenanted properties; tenant credit and default risk; environmental risk; the risk that any of the underlying property assets are not adequately insured; an excess supply of property as a result of overdevelopment; changes in planning law and practice; changes in property taxation or transaction costs; and increases in interest rates.

Investment by the Group in property securities also carries specific risks including the following: movements in, or changes in sentiment towards, property markets may result in disproportionate moves in the value of property securities; property companies may be highly geared and subject to the risks associated with debt financing and the credit risk associated with the issuer of property-related securities.

#### ***Unsuccessful transaction costs***

There is a risk that the Group may incur substantial legal, financial and advisory expenses arising from work undertaken in relation to unsuccessful prospective investments.

#### ***Tax related risks***

The tax regimes applying in the UK, the Isle of Man, India or any other jurisdiction through which the Company invests may change, thereby affecting the Group's tax treatment in these jurisdictions. The attention of potential investors is drawn to Part VII of this document headed "Taxation".

The tax rules and their interpretation relating to an investment in the Company may change. Any change in the Group's tax status or in taxation legislation or its interpretation could affect the value of the investments held by the Group, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders.

Any change in financial reporting standards or accounting practices could affect the reported value of the investments held by the Group, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders.

#### ***Indian Tax risks***

Profits arising on the sale of securities by non-resident entities registered as a foreign institutional investor and/or as a sub-account have historically been taxed as a capital gain. However, there is a lack of certainty of tax treatment in this area owing to recent conflicting rulings and the Group's tax treatment may be adversely affected if such profits are taxed as "business income".

The Group's tax treatment may be affected in the event that "minimum alternate tax" is held to be applicable where foreign companies earn capital gains/business income.

The Group's tax treatment may also be affected where withholding taxes are applied on payments by the Company to another non-resident of India towards fees for technical services utilised for earning income in/from India.

India has entered into double taxation avoidance agreements (each a "Treaty") with several countries and as per the provisions of the relevant Treaty, tax residents in select countries enjoy exemption from taxation in India of capital gains arising on the sale of Indian securities. Any amendment of these Treaties may adversely affect the Group's tax treatment.

#### **Shareholder tax**

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

#### **Dividends**

Shareholders should note that payment of any future dividends will be at the discretion of the Board after taking into account various factors including the Group's operating results, financial condition and current and anticipated cash needs.

#### **General**

The Group's portfolio will be constructed without reference to the composition of any property or stockmarket index or benchmark. It is likely, therefore, that there will be periods when its performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be to the Group's advantage.

In the event of the Group making a revenue loss or charging management fees and finance costs to its capital account in excess of any retained revenues, it may need to liquidate some of its investments to pay expenses.

A proportion of the Group's portfolio may be held in cash or cash-equivalent investments from time to time. Such proportion of the Group's assets will be out of the market and will not benefit from positive property or stockmarket movements.

The Company has applied for the Ordinary Shares to be admitted to trading on AIM. Securities exchanges, including AIM, typically have the right to suspend or limit trading in a company's securities. Any suspension or limits on trading in the Ordinary Shares may affect the ability of Shareholders to realise their investment.

The Company does not have a fixed winding-up date and, therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the secondary market.

#### **Risks relating to investment in India**

##### **Political, economic and social risk**

Political, economic, and social factors, changes in Indian law or regulations and the status of India's relations with other countries may adversely affect the value of the Group's assets. In addition, the Indian economy may differ favourably or unfavourably from other economies in several respects, including the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency, currency exchange rates and balance of payments position. The Group does not intend to obtain political risk or currency insurance. Future actions of the Indian central government or the respective Indian state governments could have a significant effect on the Indian economy, which could adversely affect private sector companies, market conditions and prices and yields of investments. The occurrence of local unrest, or external tensions, could adversely affect India's political and economic stability and, consequently, adversely affect the Group's investments.

India's political, social and economic stability is related to its developing status. Certain developments (such as the possibility of nationalisation, expropriations or taxation amounting to confiscation, political changes, government regulation, social instability, diplomatic disputes or other similar developments), which are beyond the control of the Group and the Manager, could adversely affect the Group's investments.

The current Government of India, formed in May 2004, has announced policies and taken initiatives that support the continued economic liberalisation policies that have been pursued by previous governments. There is, however, no assurance that these liberalisation policies will continue in the future. The pace of economic liberalisation could change, and specific laws and policies affecting taxation, foreign investment, currency exchange and other matters affecting the Group's investments could also change. In addition, laws and policies affecting the various investments held by the Group could change, adversely affecting the values or liquidity of those investments.

India's relations with its neighbouring countries have historically been tense. Although there are periodic efforts to normalise relations between the two countries, significant military confrontations between India and Pakistan have occurred in the disputed region of Kashmir in the last few years and both India and Pakistan continue to allocate substantial resources to the defence of their borders as a result. The Indian government is also confronted by separatist movements in certain states, including Jammu and Kashmir. India's population is comprised of numerous ethnic groups with diverse religions and languages, sometimes resulting in communal conflict among groups. Problems of this nature in the future could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Group's investments.

#### ***Government approvals***

Certain Indian governmental approvals, including approvals from the Securities and Exchange Board of India or the central government, may be required before the Group can make certain investments.

Any failure to obtain such approvals in a timely fashion, or at all, may delay the progress of the Group's investments.

#### ***Indian legal system***

The laws and regulations in India can be subject to frequent changes as a result of economic, social and political instability. In addition, the level of legal and regulatory protections customary in countries with developed securities markets to protect investors and securities transactions, and to ensure market discipline, may not be available. Where the legal and regulatory framework is in place, enforcement may be inadequate or insufficient. Regulation by exchanges and self-regulatory organisations may not be recognised as law that can be enforced through the judiciary or by means otherwise available to the investors in developed markets.

The Indian civil judicial process to enforce remedies and legal rights is relatively less developed and subject to delays.

#### ***Forward-looking statements***

All statements other than statements of historical fact 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 expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results, performance, achievements of or dividends paid by the Group to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's net asset value, present and future business strategies and income flows 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 herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

## **PART II - KEY INFORMATION**

The information below is only a summary of more detailed information included in other sections of this document. The summary is not complete and does not contain all the information that investors should consider before investing in Ordinary Shares. Investors should pay particular attention to the Risk Factors as set out in Part I of this document. Investors should read the whole of this document and not just rely upon this key information section.

### **The Company**

Naya Bharat Property Company plc is a newly incorporated Isle of Man company established to invest primarily in both listed and unlisted companies whose principal activity is the ownership and/or development of land in India.

The Company proposes to raise US\$60 million (before expenses) pursuant to the Placing. The Company will issue one class of US Dollar-denominated Ordinary Shares which will be admitted to trading on AIM.

The Company has a board of 4 non-executive directors with a diverse range of experience.

### **Investment Objective**

The Company's objective is to provide Shareholders with an attractive overall return to be achieved primarily through long-term capital growth.

### **The Manager**

Charlemagne Capital (IOM) Limited will provide investment management services to the Company. Further information on the Manager is set out in Part IV of this document.

### **Valuation Policy**

The Company intends to publish its Net Asset Value in US Dollars on a monthly basis on a regulatory information service approved by the FSA.

### **Bank Borrowings**

In seeking to enhance returns for Shareholders, the Directors believe that it may be advantageous for the Company to borrow at an appropriate level in order to acquire investments which would achieve a higher return than the cost of borrowing. Following Admission, the Company or its Group may therefore make use of debt facilities for investment purposes and may borrow up to 50 per cent. of its NAV (measured at the time any borrowings are drawn down). The Articles contain no restrictions on borrowing.

### **Hedging**

Although it is not anticipated that it will do so, the Company may enter into certain currency related transactions in order to hedge its currency risk.

### **Dividend Policy**

The Directors have absolute discretion as to the payment of dividends and do not currently intend to pay dividends on the Ordinary Shares.

### **Purchase of Ordinary Shares**

Conditional upon Admission, the Company has been granted authority to purchase up to 14.99 per cent. of its own issued Ordinary Shares following the conclusion of the Placing. The Company may use that authority to purchase Ordinary Shares at a discount to the prevailing Net Asset Value per Share if suitable occasions arise and the Company has funds available for that purpose. The Board intends to propose the renewal of such

authority to purchase Ordinary Shares at each annual general meeting and, if appropriate, at intervening intervals.

#### **Further Issues of Shares**

The Company's authorised share capital is such that further issues of Ordinary Shares can be made. There are no pre-emption rights for existing Shareholders on any such further issue. Subject to market conditions then prevailing and to all necessary consents and approvals being obtained, the Board may decide to make one or more further issues of Ordinary Shares for cash (at a price not less than the then prevailing Net Asset Value per Share unless Shareholders approve otherwise) from time to time.

#### **Risk Factors**

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

## **PART III – INVESTMENT OBJECTIVE, STRATEGY AND PROCESS**

### **THE COMPANY**

Naya Bharat Property Company plc is a newly incorporated Isle of Man company established to invest primarily in both listed and unlisted companies whose principal activity is the ownership and/or development of land in India.

The Company proposes to raise US\$60 million (before expenses) pursuant to the Placing. The Company will issue one class of US Dollar-denominated Ordinary Shares which will be admitted to trading on AIM.

### **INVESTMENT OBJECTIVE**

The Company's objective is to provide Shareholders with an attractive return to be achieved primarily through long-term capital growth.

### **INVESTMENT STRATEGY**

The Company's portfolio of investments will seek to provide exposure to the residential, commercial, retail, industrial and Special Economic Zone ("SEZ") sectors. Geographic exposure will also be diversified across major and secondary cities in India. The primary focus of target companies is the development of property portfolios/land banks, although certain investee companies may also retain completed properties for income generation. The Company may also invest in special situations such as small capitalisation stocks with perceived large undervalued property holdings, where a catalyst for re-valuation/realisation of the property assets is anticipated.

It is not anticipated that the Company's investments in unlisted property companies will exceed 25 per cent. of Net Asset Value once fully invested and measured at the time of investment. However, if suitable opportunities arise, the Company may invest more than 25 per cent. of its Net Asset Value in unlisted property companies.

The Company will seek to take advantage of perceived capital market pricing anomalies by investing in established listed property investors/developers at substantial discounts to their net asset values. In this way, investors in the Company should potentially benefit from any reduction in the discount to net asset value and the anticipated robust performance of the physical property market. In addition, special situations in unlisted/pre-IPO and property-rich small capitalisation stocks will be sought.

The Company will aim to establish a portfolio of investments with low liquidity in the underlying stocks and does not anticipate significant turnover until relative and absolute pricing anomalies have been realised. Large minority ownership positions will be considered in the most attractive investments. The Company may, but does not currently intend to, take a seat on the board of directors of investee companies. An active dialogue with the management teams of many of the investee companies will be pursued in an effort to put forward suggestions for improved investor/market visibility and transparency. This combination of longer-term ownership horizons, low liquidity in underlying investments, exposure to unlisted investments and activist management policy means that a closed-ended investment vehicle is appropriate in order to execute the investment strategy.

While India's property development market is fragmented, there are over thirty listed property companies and several more expected to come to the market in the near future. The Company is seeking to take advantage of the low level of professional analytical coverage of the sector and resultant pricing anomalies. Share prices of many companies appear to be widely divergent from corporate net worth. The Manager believes that investment through listed property companies versus targeted direct property investment provides the following benefits:

- Access to property portfolios at a significant discount to market price (currently up to 65 per cent. in some cases)
- Speed of deploying assets - effectively investing in fully invested portfolios
- Diversification of project and geographic risk

- Diversification of developer execution risk
- Market (albeit illiquid) for partial exit versus full exit

The targeted investee companies of the Company will typically trade at significant discounts to their net asset value. Therefore, by aiming to buy into the best quality developers, the Company should be able to acquire quality assets at significantly below the cost of replicating the investee company land banks through direct acquisition. The Company should also benefit from the resources of local development teams that have experience in dealing with the red-tape that still exists in the permission and planning process.

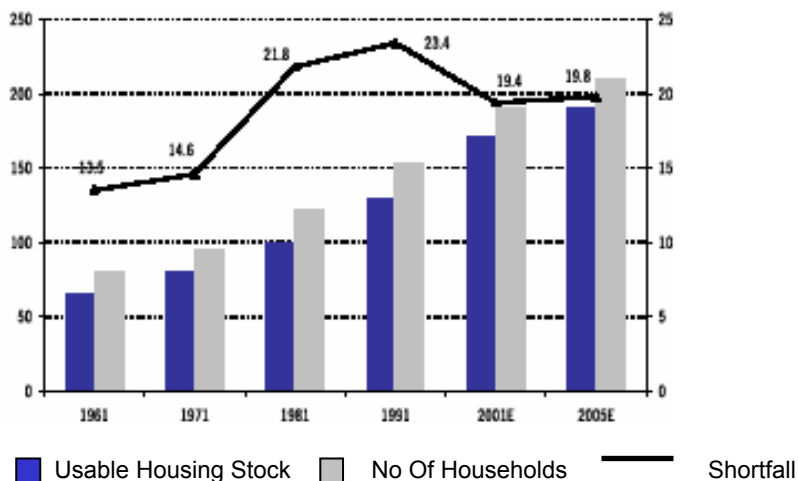
Additionally, the Company may invest in freely transferable low exercise price warrants, low strike price options, zero coupon equity linked notes or other similar instruments which in the view of the Manager offer an efficient means of providing the Company with exposure to Indian companies. These products typically aim to provide economic exposure to the underlying security without the associated tax and administrative burdens of investing directly in the local market.

### OVERVIEW OF THE INDIAN PROPERTY MARKET

The Indian property market has seen a rapid increase in investor interest over the past two to three years. It has been estimated by an international property agency that US\$1 billion of foreign funds has entered the market recently but that investors with up to US\$10 billion were seeking suitable investment opportunities. Domestically, property developers are also seeking to scale up dramatically. The Manager understands that some domestic developers estimate future development volumes at 15 times historic volumes but feel that volume growth of 500-700 per cent. is more likely.

India's rapid rise in both GDP and per capita incomes has resulted in a burgeoning middle class and rising demand for all property sectors. The residential market has seen demand consistently remain above supply, as can be seen in the long-term housing shortage table below.

#### Housing stock and shortage (millions of units)

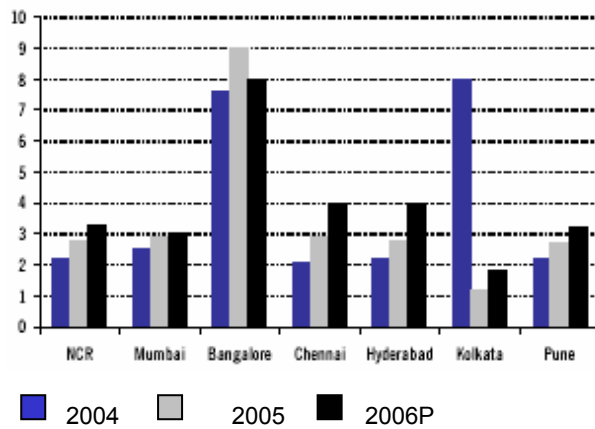


Source: Citigroup Global Markets Equity Research, 4 December 2006

As the developer market is fragmented, meaningful supply data is difficult to aggregate, but even if aggressive development forecasts are achieved, the Manager believes that demand saturation should be several years away. Within the retail property sector, a shift to organised retail has begun but will take a significant period to mature. According to international property consultant, Jones Lang LaSalle, only three per cent. of India's retail market can be classified as organised retailing, while this figure is 85 per cent. in the United States. The office market is heterogeneous, with characteristics specific to individual locations, but demand for new space has remained consistent as can be seen in the following table showing annual demand for each major city. One of the biggest users of new space has been the IT industry and demand from this sector appears firm in the medium

term. Over the longer term, the Manager believes that the continued development of the service sector as a whole should fuel demand for new office space.

### Commercial real estate – Demand for office space and IT parks (million square feet)



Source: Citigroup Global Markets Equity Research, 4 December 2006

### WHY INVEST IN LISTED INDIAN PROPERTY COMPANIES

As mentioned, it has been estimated by an international property agency that US\$1 billion of foreign funds has entered the Indian property market recently but that investors with up to US\$10 billion were seeking suitable investment opportunities. The Manager's research has led it to believe that the first wave of property investment (1998 – 2005) came principally from private equity investors via private equity vehicles. These investment programmes have contributed to a reduction in yields on property investments. Also, private equity vehicles tend to have infrequent valuations and payout dates.

According to the Manager's research, the second wave of property investments in India (2005 – 2006) came principally via listed vehicles providing access to private equity-type property investments (i.e. direct investment). The Manager believes that this has meant improved liquidity in the property sector but valuations of the underlying investments are still typically infrequent. Other than as a result of specific transactions, there is no clear trigger for an upward revaluation of these investments.

The Manager believes that the third and new wave (2007 onwards) will see investment into listed property companies in India and pre-IPO companies. This should mean clearer valuations and more liquidity in the property sector (as compared against the first two waves described above). Clearer valuations result from the daily prices available for listed companies, which themselves are subject to market discipline and regulation. Pre-IPO companies should also provide a path to liquidity. The Manager also believes that investment in listed property companies allows for the spread of geographical and sector exposures to be managed more efficiently.

The Manager believes that listed property companies offer attractive valuations relative to other listed Indian companies, but not on a price/earnings basis. A key element of the valuation is the unrealised value of land and partially completed construction. The Manager believes that assessing this value requires on-the-ground research and independent valuations of land banks and sites in development. The Manager also believes that virtually no broker models or commercial research exists to make a "one size fits all" valuation possible. Small free floats, varied Indian law on land use and the impact of SEZ and REIT plans all compound the problem of predicting future valuations from a distance.

The Manager believes that it has the local knowledge of both companies and markets required to find listed property companies at attractive valuations.

The Manager believes that in the short term, valuations of listed Indian property companies should rise for a number of reasons including: continued company growth – the shares of a number of listed Indian property companies increased in value by more than 40 per cent. in 2006; brokers are paying attention to such companies

and starting to offer research in this market; the weighting of listed property companies on the MSCI India index, in the Manager's opinion, will increase from below one per cent. to higher levels over the course of 2007, thereby increasing the demand for research and accurate valuations; and the proposed listing of DLF Limited (expected to IPO on both the Bombay Stock Exchange and the National Stock Exchange this year with a valuation in excess of US\$20 billion), making it one of India's largest 20 companies.

Despite share price rises in listed Indian property companies, the Manager continues to find significant inefficiencies in market pricing that may be exploited by the Company.

The Manager believes that in the long term, valuations of listed Indian property companies will rise owing to certain factors including:- the standardisation of SEZ regulations and introduction of REITs for tax efficient investment; the continued growth of India's retail manufacturing and office sectors, particularly outside the biggest cities; massive demand for modern housing as urbanisation and increased home ownership hits a population of approximately one billion; significant scope for consolidation within India's fragmented property sector; and, finally, the Manager's belief that currently demand is not being met by supply.

## OVERVIEW OF THE INDIAN ECONOMY

The Indian economy has improved dramatically over the past decade. High levels of economic growth, combined with relatively stable prices and exchange rates, and a relatively well-balanced current account have characterised India's economy under both recent Bharatiya Janata Party and Congress governments. The table below highlights these trends:

	2004	2005	2006e	2007e	2008e
<b>Real GDP Growth</b>	8.5%	7.5%	8.4%	8.3%	8.0%
<b>Wholesale prices (yoy)</b>	5.5%	6.5%	4.4%	5.3%	4.4%
<b>Ave. IR/US exchange rate</b>	45.9	45.0	44.3	45.3	43.2
<b>Current account (% GDP)</b>	2.3%	(0.4%)	(1.3%)	(1.8%)	(1.5%)

Source: Citigroup Global Markets, November 2006

Consumer credit has been growing at approximately 40 per cent. per annum for the past three years, highlighting the growth in the new middle class. Private sector credit, as a percentage of GDP, is at a level only one-third of that in China. The Manager believes that growth looks set to remain robust in the medium to longer-term as investment as a percentage of GDP is second only to China amongst emerging markets.

## VALUATION POLICY

The Company intends to publish its Net Asset Value in US Dollars on a monthly basis on a regulatory information service approved by the FSA. The Net Asset Value will be determined and calculated by the Administrator. Further details of the Company's valuation policy are set out under the heading "Valuation Policy" in Part IV.

## BANK BORROWINGS

In seeking to enhance returns for Shareholders, the Directors believe that it may be advantageous for the Company to borrow at an appropriate level in order to acquire investments which would achieve a higher return than the cost of borrowing. Following Admission, the Company or its Group may therefore make use of debt facilities for investment purposes and may borrow up to 50 per cent. of its NAV (measured at the time any borrowings are drawn down). The Articles contain no restrictions on borrowing.

## **HEDGING**

Although it is not anticipated that it will do so, the Company may enter into certain currency related transactions in order to hedge its currency risk.

## **DIVIDEND POLICY**

The Directors have absolute discretion as to the payment of dividends and do not currently intend to pay dividends on the Ordinary Shares.

## **PURCHASE OF ORDINARY SHARES**

As described in paragraph 3.2.3 of Part VIII of this document, conditional upon Admission, the Company has been granted authority to purchase up to 14.99 per cent. of its own issued Ordinary Shares following the conclusion of the Placing. The Company may use that authority to purchase Ordinary Shares at a discount to the prevailing Net Asset Value per Share if suitable occasions arise and the Company has funds available for that purpose. The Board intends to propose the renewal of such authority to purchase Ordinary Shares at each annual general meeting and, if appropriate, at intervening intervals.

## **FURTHER ISSUES OF SHARES**

The Company's authorised share capital is such that further issues of Ordinary Shares can be made. There are no pre-emption rights for existing Shareholders on any such further issue. Subject to market conditions then prevailing and to all necessary consents and approvals being obtained, the Board may decide to make one or more further issues of Ordinary Shares for cash (at a price not less than the then prevailing Net Asset Value per Share unless Shareholders approve otherwise) from time to time.

## **TAX EFFICIENCY**

The Company will obtain legal and tax advice as to the most efficient way to structure the investments made by the Company. In this regard the Company may establish subsidiaries (for example in Mauritius), limited partnerships or any other form of vehicle which is considered the most appropriate at the time of investment.

## **RISK FACTORS**

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

## **PART IV – MANAGEMENT, ADVICE AND ADMINISTRATION**

### **BOARD OF DIRECTORS**

The Board comprises four non-executive directors as follows:

#### **Shankar Dey, aged 52 (Non-executive Chairman)**

Shankar Dey is an Indian national. He has over 30 years' experience in the Indian banking and finance industry.

After a long career with Citibank in India and overseas, Mr Dey joined Peregrine Capital India where, from December 1994 to February 1997, he worked as deputy managing director responsible for setting up and managing the corporate finance, advisory, mergers and acquisitions and capital markets businesses following which, in February 1997, he was appointed Managing Director and Chief Executive Officer both of which positions he held until May 1998. In May 1998 Mr Dey moved to N.M. Rothschild & Sons (India) where he was Chief Executive Officer until March 2001. In this capacity his primary focus was on mergers and acquisitions and providing advisory services to leading international and local corporates mainly in the telecommunications, power, oil and gas, transport and financial services sectors.

From April 2001 to March 2004 Mr Dey was a consultant providing independent services which involved fund raising, corporate valuation, restructuring and mergers and acquisitions. In March 2004 he was appointed Chief Financial Officer with Tata Sky Limited which involved the setting up and structuring of a joint venture between the Tata Group of India and Newscorp for direct-to-home television in India. Subsequently, from December 2005 to August 2006 Mr Dey worked for Essar, a leading diversified Indian business group, in the area of business development.

#### **James Rosapepe, aged 55 (Non-executive Director)**

James Rosapepe is an American national. He is an entrepreneur with extensive experience in US public service at the national, state, and local levels. From 1998 to 2001 he was the US Ambassador to Romania. A business owner and investor before his appointment as an Ambassador, Mr Rosapepe has participated in financing real estate projects and investing in commercial banks and businesses in the US and Europe. He currently serves on the boards of two publicly-traded property investment companies. From 1995 to 1997 he chaired the investment committee of the Albanian American Enterprise Fund, a US\$30 million private equity fund.

#### **Anderson Whamond, aged 47 (Non-executive Director)**

Anderson Whamond is a British national. He is managing director of the Manager, Charlemagne Capital (IOM) Limited. He began his career in 1983 at White Weld Securities (part of the CSFB group) before joining Salomon Brothers International in London in 1986 and then Morgan Stanley International in 1989 where he was a principal in charge of convertible bond trading. He joined Peregrine Securities International (UK) Limited in 1993. In 1996 Mr Whamond relocated to Hong Kong to run the equity trading businesses of Peregrine Investment Holdings Limited. In 1997 he was made a director of the executive committee of the Peregrine group. In 1998 Mr Whamond joined the Regent Pacific Group, a Hong Kong listed international emerging markets investments group as head of corporate investments and relocated to the Isle of Man. He subsequently left that company in August 2000 to pursue his own interests, but remains a non-executive director. Mr Whamond took up his current position in September 2002.

#### **Jonathan Bradley, aged 55 (Non-executive Director)**

Jonathan Bradley is a British national. He was educated at Bristol and Oxford Universities. He commenced his career as an analyst and then investment manager with Morgan Grenfell & Co. Limited. He then joined Tyndall Group PLC as an investment manager and was later appointed group investment director. In 1990 Mr Bradley left to work as an independent business consultant and university lecturer specialising in emerging economies. He is a Dean at the University of the West of England, and a member of the Council of the European Centre for Peace and Development. He is the author of a number of publications on investment and economic topics.

## **INFORMATION ON THE MANAGER**

Charlemagne Capital (IOM) Limited, the Company's investment manager, is regulated by the Isle of Man Financial Supervision Commission for investment and corporate service provider business.

The Charlemagne Group, which includes the Manager and the Placing Agent, specialises in managing public and private equity funds in emerging markets, including Magna India Fund. The Charlemagne Group also has a private equity and property team which has made numerous investments into property. As at 31 December 2006, the Charlemagne Group managed approximately US\$4.645 billion.

The Charlemagne Group is an independent asset management group, the parent company of which is traded on AIM, whose formula for investment consists of its rigorous, value-based, "bottom-up" investment selection process, information derived from primary research and its disciplined approach to portfolio construction and risk management.

The Charlemagne Group's focus has been on emerging markets and its success, in terms of fund performance, business growth and industry awards, has cemented the group's reputation as an emerging markets specialist. The Charlemagne Group has an experienced and committed team of investment professionals focusing on investing in global emerging markets plus a strong organisational infrastructure and a dedicated client support team.

The Charlemagne Group has an experienced Asian team. This team is managing a number of funds including a pan-Asian and an India-specific fund. The Charlemagne Group's private equity team draws upon a wealth of regional experience. The team has made both acquisitions and disposals in several regional markets and has considerable property and financial expertise.

## **CONFLICTS OF INTEREST**

The Directors, the Manager and any member of the Charlemagne Group and any of their shareholders, officers, employees, agents and affiliates ("Interested Parties") may be involved in other financial, investment or other professional activities which may on occasion cause conflicts of interest with the Company. The Manager (or any other Interested Party) may, for example, make investments on its own behalf or for other clients. The Directors and the Manager will ensure that the performance of their duties, including their duty to act in the best interest of the Company, will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly. Notwithstanding this undertaking to resolve issues fairly, situations may arise in which the Manager's own account activities or those of its affiliates or those made on behalf of other clients may disadvantage the Company. Any Interested Party may hold Ordinary Shares. Furthermore, any Interested Party may, subject to applicable laws and regulations, receive commissions which it may negotiate in relation to any sale or purchase of any investments of the Company effected by it for the account of the Company as the case may be.

## **KEY INDIVIDUALS**

The following individuals from the Charlemagne Group will be closely involved with the management of the Group and its investments:

### **Listed Equity Team**

#### **Kommerla Chakradhar Reddy**

KC Reddy is an Indian national. He joined the Charlemagne Group in September 2005. Previously he was with Thames River Capital in London where he worked as a fund manager within the emerging markets team with special emphasis on Korea, Taiwan and India and a sector specialisation on technology. Prior to this, KC was with Quantum Capital in the US. From 1996 to 2001 he was an investment manager at Credit Agricole Asset Management in Hong Kong, where he was responsible for investments in India and Asian technology. KC started his career at Peregrine Securities in Mumbai as an investment analyst. KC holds an MBA from the Indian Institute of Management (associated with the Sloan School of Management at MIT) and a degree in Engineering (Computer Sciences) at Osmania University in India.

## **Gabor Sitanyi**

Gabor Sitanyi is a Hungarian/British national. He joined the Charlemagne Group in May 2004. Following a study sabbatical he took up his current position in February 2006. Prior to this he was with Schroders as head of their EMEA team and a member of the Global Asset Allocation Committee for Global Emerging Markets. From 1997 to 2000 he was a fund manager covering EMEA with Fleming Investment Management. Previously he was with ING Barings in London. He began his career in 1991 as an equity analyst covering Emerging Europe with Creditanstalt in Budapest. He has a degree in Economics from the University of Economics in Budapest and an MA in Economics from the Central European University (CEU) of Budapest.

## **PRIVATE EQUITY TEAM**

### **David Curl**

David Curl is a Canadian national. He has been with the Charlemagne Group since 1994, specialising in equity investments in Emerging Europe. Since then David has been involved in the management of the group's Russian and Emerging European regional funds. In May 2000, he was appointed Investment Director of the Charlemagne Group and is also responsible for the group's private equity and direct investment programme. David has led all private equity acquisitions and disposals made by the Charlemagne Group over the past seven years. David's responsibilities include final investment recommendations and due diligence/transaction management. He holds a degree in Economics from the University of Richmond (US) and an MBA from L'Institut Supérieur de Gestion in Paris.

### **Alan Cartlidge**

Alan Cartlidge is a British national. He has been with the Charlemagne Group since 1999 and specialises in equity investments in Emerging Europe. Alan has been involved in Eastern Europe since 1993 when he became country manager for project management and property consultants DG Jones & Partners in Bulgaria. In 1997 Alan became the regional East European manager for DGJ's companies in Bulgaria, Ukraine and Romania. Alan has responsibility within the Charlemagne Group for the identification and appraisal of new projects throughout the Central and East European region and the management of property investments in Bulgaria and Croatia. This includes the procurement and supervision of redevelopment projects, company re-structuring and property management to realise optimum asset value leading to management of exit transactions. Alan is an Associate of the Royal Institution of Chartered Surveyors, holds a Bachelor of Science degree in Quantity Surveying from the University of Westminster and has an MBA from the Open University Business School.

### **Dennis Selinas**

Dennis Selinas is a Canadian national. He has been with the Charlemagne Group since 2005. Dennis has been involved in private equity transactions in South Eastern Europe since 2002 during his time as a director of Argo CM, where he was responsible for formulating the investment strategy and executing transactions in the region. Previous to this Dennis was at Lazard, within its Corporate Finance division in the UK, where he participated in the execution of a number of major transactions. He holds a Masters in Finance from the London Business School, a Masters in Economics from the University of Toronto and a BA in Economics from the University of Western Ontario.

### **Alexander Tsachev**

Alexander Tsachev has been working with the Charlemagne Group's private equity team since 2000. He holds a double major degree in (1) Applied Economics and (2) Business Administration from the American University in Bulgaria. Prior to his association with the Charlemagne Group he was with PricewaterhouseCoopers as a team leader and worked on a number of acquisition advisory and transaction support assignments for a broad portfolio of local and international banks. Since 2000 he has been involved in the acquisition, management and eventual disposal of the Charlemagne Group's Bulgarian banking investment, Hebros Bank. As a board member and executive director of the bank, he was specifically responsible for the set up and implementation of the bank's core commercial strategy, restructuring and eventual sale.

## **CORPORATE GOVERNANCE**

The Directors recognise the importance of sound corporate governance and will take appropriate measures to ensure that the Company complies, as soon as practicable and so far as possible given the Company's size and nature of business, with the Combined Code.

In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded.

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

The Company has adopted the Model Code on dealings of directors and employees in securities as set out in Annex 1 of Rule 9 of the Listing Rules of the UKLA for the Directors with effect from Admission and will take steps to ensure compliance by the Directors with the terms of this code. The adoption by the Company of the Model Code is without prejudice to the obligation of the Company and the Directors to comply with AIM Rule 21. In the case of conflict between the provisions of the Model Code and AIM Rule 21 the provisions of AIM Rule 21 will be observed.

## **MANAGEMENT FEE AND INCENTIVISATION**

The Manager will receive an annual management fee equal to 1.75 per cent. per annum of the monthly Net Asset Value of the Company. This fee will accrue monthly on each Valuation Day and is payable monthly in arrears.

In addition, the Manager shall be entitled to a performance fee, accrued monthly and calculated and payable after the end of each performance fee period, equal to 15 per cent. of any excess of the Net Asset Value per Share (after adding back dividends and other distributions and ignoring any accrued performance fee) as at the end of each performance fee period over the benchmark multiplied by the time weighted average number of Ordinary Shares in issue over the relevant period.

For these purposes, the benchmark shall be equal to the highest Net Asset Value per Share as at the last Valuation Day in any preceding performance fee period and, in the case of the first performance fee period, shall be the Placing Price.

The first performance fee period shall commence on Admission and shall terminate on 31 March 2008. Each subsequent performance fee period shall commence on 1 April and terminate on 31 March in the following year (or on the termination of the Management Agreement, if earlier).

These management and performance fees shall be paid by the Group. The Manager shall also be entitled to re-charge to the Group all and any reasonable costs and disbursements properly incurred by it in the performance of its duties including costs of travel save to the extent that such costs are staff costs or other internal costs of the Manager.

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

Further details of the Management Agreement are set out in paragraph 7.1 of Part VIII of this document.

## **ADMINISTRATOR**

Anglo Irish Fund Services Limited is a private limited company incorporated with number 112244C on 23 November 2004 with unlimited duration under the Law. The Administrator is wholly owned by Anglo Irish Bank Corporation plc and has been appointed by the Company as its administrator. The Administrator is responsible for providing administrative services required in connection with the Company's operations, including keeping the

accounts of the Company, the preparation of annual and semi-annual financial statements for the Company, calculation and publication of the Company's net asset value, and registrar and transfer agency services.

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

The Administrator shall be entitled to receive a fee of 10 basis points per annum of the net asset value of the Company, subject to a minimum monthly fee of US\$7,500, calculated monthly and payable quarterly in arrears.

The Administrator shall assist in the preparation of the financial statements of the Company for which it shall receive a fee of US\$3,250 per set.

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

The Administrator will provide general secretarial services to the Company for which it shall receive a minimum annual fee of US\$10,000. Additional fees, based on time and charges, will apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of US\$1,000 per day or part thereof will be charged.

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

Further details of the Administration Agreement are set out in paragraph 7.3 of Part VIII of this document.

## **CUSTODIAN**

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

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

The Custodian may appoint sub-custodians, agents or delegates (together "Sub-Custodians") provided that the Custodian shall exercise reasonable skill and care in the selection, appointment and monitoring of such Sub-Custodians. In the absence of negligence, wilful default or fraud on the part of the Custodian, the Custodian shall not be liable for any losses suffered by the Company. The fees of any Sub-Custodian will be borne by the Group.

The Custodian will be entitled to receive fees calculated as 5 basis points per annum of the net asset value of the portfolio of the Company, subject to a minimum monthly fee of US\$2,250, calculated monthly and payable quarterly in arrears.

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

Further details of the Custodian Agreement are set out in paragraph 7.4 of Part VIII of this document.

## **REMUNERATION OF DIRECTORS**

Each Director will receive an annual director's fee of up to US\$25,000 per annum and is entitled to be repaid all reasonable expenses properly incurred by him in the performance of his duties as a director.

## **OTHER OPERATING EXPENSES**

All costs, to include the costs of all third party service providers not referred to above, shall be chargeable to and payable by the Group. The Group shall be responsible for paying all the fees and expenses of all valuers, surveyors, legal and financing advisers and other external advisers to the Group in connection with any investments made on its behalf.

## **FINANCIAL INFORMATION AND REPORTS**

The first accounting period of the Company will run until 31 March 2008 and, thereafter, accounting periods will end on 31 March in each year. The audited annual accounts will be sent to Shareholders within six months of the year end to which they relate. Unaudited half yearly reports, made up to 30 September, are expected to be announced in December. The first unaudited half yearly report will cover the period from incorporation to 30 September 2007.

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

The Company intends to adopt International Financial Reporting Standards.

## **VALUATION POLICY**

The Company intends to publish its Net Asset Value in US Dollars on a monthly basis on a regulatory information service approved by the London Stock Exchange. The Net Asset Value will be determined and calculated by the Administrator. Calculations will be made in accordance with the following principles:

- (i) securities listed, traded or quoted on a stock exchange will be valued by reference to the bid price on such stock exchange as at the close of business of the relevant stock exchange on the relevant valuation day as shown by the relevant exchange's or market's recognised method of publication of prices of such investments. If the relevant stock exchange is not open for business on the relevant day, the securities will be valued as at the last day on which the relevant stock exchange was open for business. Where a security is listed, traded or quoted on more than one stock exchange, the Directors may, at their absolute discretion, select any one of such stock exchanges. Any unlisted or unquoted investments will be valued at cost or at the most recent price published by stockbrokers or professional persons approved by the Directors or in such other way as the Directors consider reasonable;
- (ii) cash and bank deposits will be valued by reference to their face value;
- (iii) any value expressed otherwise than in US Dollars shall be converted into US Dollars at the exchange rate (whether official or otherwise) which the Directors shall determine to be appropriate. The rate will typically be sourced with reference to the spot price as displayed by Bloomberg, Reuters or any other recognised financial information source; and
- (iv) notwithstanding the foregoing, the Directors shall be entitled, at their absolute discretion, to apply a method of valuing any asset using a different method to that prescribed above if such method would in their opinion better reflect the fair value of such asset and is in accordance with good accounting practice and provided that such method and the reasons for using it are announced along with the NAV.

The making of valuations may be suspended in circumstances described below. Details of each valuation, and of any suspension in the making of such valuations, will be announced by the Company on a regulatory information service approved by the London Stock Exchange.

The Directors may declare a temporary suspension of the determination of the Net Asset Value during:

- (i) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Company's investments, or when trading thereon is restricted or suspended;

- (ii) any period when any emergency exists as a result of which disposal by the Company of investments which constitute a substantial portion of its assets is not practically feasible;
- (iii) any period when for any reason the prices of a material portion of the investments of the Company cannot be reasonably, promptly or accurately ascertained; or
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Company cannot, in the opinion of the Directors, be carried out at normal rates of exchange.

## PART V – PLACING, ADMISSION AND RELATED MATTERS

### THE PLACING

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

The Placing is conditional on, *inter alia*, the Placing Agreement becoming unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission, the Company receiving the minimum Placing proceeds of US\$25 million on or before the date of Admission (or such later date as the Company and the Placing Agent may agree, but in any event no later than 31 March 2007). Further information on the Placing Agreement is set out in paragraph 7.2 of Part VIII of this document.

The Placing is intended to raise US\$60 million before expenses for the Company. Assuming the Placing is fully subscribed, the expenses of the Placing are estimated at approximately US\$3,090,417.

The net proceeds of the Placing will be approximately US\$61,709,583 (assuming that it is fully subscribed). It is intended that the net proceeds of the Placing will be applied principally to the Company's investment strategy as described in this document.

Dealings in the Placing Shares on AIM are expected to commence on 26 February 2007. Placees may hold their Ordinary Shares through CREST or in their own name, in registered form. No share certificates or temporary documents of title will be issued. It is expected that the appropriate CREST accounts will be credited with effect from 26 February 2007. Contract notes will be despatched by post to those placees holding Ordinary Shares in registered form by not later than 28 February 2007. Pending despatch of contract notes or crediting of CREST accounts, the Company's registrars will certify any instrument of transfer against the register.

Save for Directors or employees of the Charlemagne Group, the minimum investment under the Placing shall be US\$100,000 and the Placing Agent shall be entitled to charge investors an initial charge of up to 3 per cent. of the value of their investment. In addition the Company shall pay directly to the Placing Agent an amount equal to 4 per cent. of the amount of money raised by the Placing Agent on behalf of the Company pursuant to the Placing.

The Placing is being made on a private placement basis to persons within the following description:

- (a) persons whose ordinary activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent) for the purposes of their business; or
- (b) persons who it is reasonable to expect will acquire, hold, manage or dispose of the Placing Shares (as principal or agent) for the purposes of their businesses; or
- (c) a restricted circle of persons whom the Placing Agent reasonably believes to be sufficiently knowledgeable to understand the risks involved in accepting the offer constituted by this document; or
- (d) a restricted circle of persons numbering no more than fifty whom it is reasonable to believe will acquire Placing Shares for investment purposes and not with a view to their imminent resale.

Each placee will be required to warrant with regard to his subscription for Placing Shares that he is a person falling within one of the foregoing paragraphs. In the event that applicants for Placing Shares numbering more than fifty indicated that they wish to be considered within paragraph (d) above, such applicants may be rejected at the discretion of the Placing Agent so that the total number of applicants applying for Placing Shares and who state that they so wish to be considered within paragraph (d) shall not exceed fifty.

## **CREST**

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

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 26 February 2007. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

## **ADMINISTRATION AND CUSTODY**

Information regarding the administration and custody arrangements of the Company are set out in paragraphs 7.3 and 7.4 respectively of Part VIII of this document.

## **ANTI-MONEY LAUNDERING PROCEDURES**

Due to anti-money laundering requirements operating within various jurisdictions, including the Isle of Man and the UK, the Administrator and the Placing Agent will require evidence of identification from applicants and/or persons on whose behalf an application is made in the Placing.

By way of example only, an individual will be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his/her country of residence, together with evidence of his/her address such as a utility bill or bank statement. Corporate applicants will be required to produce a certified copy of the certificate of incorporation (and any change of name), a certified copy of the memorandum and articles of association (or equivalent), and names, occupations, dates of birth and residential and business addresses of all directors and certain beneficial owners.

The Administrator, on behalf of the Company, reserves the right to request such information as is necessary to verify the identity of an initial applicant or a transferee. In the event of delay or failure by the applicant to produce any information required for verification purposes, the application may be refused and subscription monies will be returned to the bank account from which they were remitted. No shares will be allotted to an applicant, and no transfer will be registered, until the identity of the applicant or the transferee, as the case may be, has been verified to the satisfaction of the Administrator.

## **RISK FACTORS**

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

## **TAXATION**

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

## **DURATION**

The Company does not have a fixed life.

## **FURTHER INFORMATION**

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

## PART VI

### Section A

#### Accountant's report on historical financial information

The Directors  
Naya Bharat Property Company plc  
Jubilee Buildings  
Victoria Street  
Douglas  
Isle of Man

21 February 2007

Dear Sirs

#### **Naya Bharat Property Company plc (the 'Company')**

We report on the financial information set out on page 28. This financial information has been prepared for inclusion in the AIM Admission Document dated 21 February 2007 of Naya Bharat Property Company plc on the basis of the accounting policies set out in paragraph 1. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 to the financial information and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 21 February 2007, a true and fair view of the state of affairs of Naya Bharat Property Company plc as at the dates stated and of its result for the periods then ended in accordance with the basis of preparation set out in Paragraph 1 and in accordance with International Financial Reporting Standards as described in Paragraph 1.

#### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

KPMG Audit LLC

## Section B

### Historical Financial Information on Naya Bharat Property Company plc

#### 1. Accounting Policy

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

#### 2. Balance Sheet as at 5 February 2007

	<i>Notes</i>	<i>As at 5 February 2007 US\$</i>
<i>Current Assets</i>		
Due from Shareholders		2
Net current assets		2
<hr/>		
<i>Capital and reserves</i>		
Called up share capital	3.2	2
Equity shareholders' funds		2
<hr/>		

#### 3. Notes

3.1 The Company was incorporated on 8 December 2006. The Company has not traded since incorporation, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

3.2 Called up share capital

	<i>Number</i>	<i>US\$</i>
<i>Authorised</i>		
Ordinary shares of US\$0.01 each	300,000,000	3,000,000
<i>Allotted and called up</i>		
Ordinary shares of US\$0.01 each	200	2

On incorporation the Company's authorised share capital was US\$300,000,000, divided into ordinary shares of US\$1 each, of which two were issued. On 5 February 2007 the Company cancelled 297,000,000 ordinary shares of US\$1 each and on the same day subdivided its remaining 3,000,000 ordinary shares of US\$1 each into 300,000,000 shares of US\$0.01 each.

## PART VII – TAXATION

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

### UK Taxation

#### *The Company*

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

#### *UK Shareholders*

- (a) Shareholders who are resident in the UK or carrying on a trade in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on the gross amount of dividends paid by the Company whether directly or by way of reinvestment of income.
- (b) The Company is not at the date of this document an offshore fund for UK taxation purposes. Accordingly Sections 756A to 764 of the Income and Corporation Taxes Act 1988 (the "Taxes Act") do not apply. Consequently, gains realised on disposal of holdings of Ordinary Shares should not be subject to tax as income under that legislation.
- (c) depending on their circumstances, Shareholders who are resident, or, in the case of individuals, ordinarily resident in the UK for taxation purposes may be subject to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on capital gains) in respect of any gain arising on a disposal, including on redemption, of their Ordinary Shares unless the Shareholder is taxed as a dealer in securities, in which case the Directors have been advised that any gain will be treated as income and taxed as such. For Shareholders who are individuals, taper relief, and for Shareholders within the charge to UK corporation tax, indexation allowance, may reduce a chargeable gain but will not create or increase an allowable loss.
- (d) It is not expected that the Company would be regarded as a close company if it were resident in the UK. Therefore, Section 13 of the Taxation of Chargeable Gains Act 1992 (under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than a 10 per cent. interest in the Company) should not apply.
- (e) A UK resident corporate Shareholder who, together with connected or associated persons, is entitled to at least 25 per cent. of the Ordinary Shares should note the provisions of the controlled foreign companies legislation contained in Sections 747-756 of the Taxes Act.
- (f) The attention of individuals ordinarily resident in the UK is drawn to the provisions of Sections 739-745 of the Taxes Act which may render such individuals liable to tax in respect of undistributed profits of the Company.
- (g) The attention of UK resident and domiciled investors is drawn to Section 703 of the Taxes Act under which HM Revenue and Customs may seek to cancel tax advantages from certain transactions in securities.

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

#### *Non-UK Shareholders*

Shareholders who are neither resident nor ordinarily resident in the UK nor temporarily non-resident and who do not carry on a trade, profession or vocation through a branch or agent in the UK with which the Ordinary Shares are connected will not normally be liable to UK taxation on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

#### *Individual Savings Accounts ("ISA") and Personal Equity Plans ("PEP")*

Ordinary Shares in the Company will not be eligible to be held in the stocks and shares component of an ISA or an existing PEP.

#### *Self-Invested Personal Pension Schemes ("SIPPs") and Small Self-Administered Schemes ("SSAS")*

Ordinary Shares in the Company may be held for the purposes of a SIPP or SSAS provided that they are considered suitable investments by the scheme administrator.

#### **Isle of Man Taxation**

The Isle of Man has introduced a general zero per cent. tax rate for companies with effect from 6 April 2006, with the exception of certain banking income and income from Isle of Man land and property which is taxed at 10 per cent. An annual corporate charge is payable. The charge for the 2006/2007 tax year is £250.

The Isle of Man has also introduced, with effect from 6 April 2006, a Distributable Profits Charge regime (the "DPC"). The effect of this regime, where it applies, is to impose a charge (at 18 per cent.) based on that proportion of a company's profits that are attributable to Isle of Man resident shareholders. However, as the Company's shares will be admitted to trading on AIM, it will be outside the scope of the DPC.

Shareholders resident in the Isle of Man will, depending upon their particular circumstances, be liable to Manx income tax on dividends received from the Company.

Shareholders resident outside the Isle of Man will have no liability to Manx income tax on dividends received from the Company.

There is no capital gains tax, inheritance tax, stamp duty or stamp duty reserve tax in the Isle of Man. A probate fee may be payable in respect of the estate of a deceased Shareholder, up to a current maximum of £539.

## India Taxation

The rates of tax applicable to various streams of profit earned by the Company from its investment in India as a registered foreign institutional investor ("FII") or sub-account are:

Nature of Profit	Rate of Tax
<b>Capital Gains</b>	<ul style="list-style-type: none"> <li>■ Long-term capital gains<sup>1</sup> on sale of securities (other than equity shares and units being taxable securities transactions) - 10% plus surcharge<sup>2</sup> and education cess<sup>3</sup>.</li> <li>■ Short-term capital gains<sup>4</sup> on sale of securities (other than equity shares and units being taxable securities transactions) - 30% plus surcharge and education cess.</li> <li>■ Short-term capital gains arising on sale of taxable securities (other than derivatives) - 10% plus surcharge and education cess.</li> <li>■ Long-term capital gains arising on sale of taxable securities (other than derivatives) are exempt from income-tax</li> <li>■ "Taxable securities transaction" means:               <ul style="list-style-type: none"> <li>(a) purchase or sale of an equity share in a company or a derivative or a unit of an equity-oriented fund, entered into on a recognised stock exchange; or</li> <li>(b) sale of a unit of an equity-oriented fund to a mutual fund; and which is chargeable to securities transaction tax ("STT").</li> </ul> </li> </ul>
<b>Dividends</b>	Dividends are exempt in the hands of shareholders subject to dividend distribution tax @ 14.025% being paid by the Indian company distributing dividends.
<b>Interest</b>	On securities - 20% (plus surcharge and cess); Other interest - Non-corporate @ 30% (plus surcharge and cess); Corporate @ 40% (plus surcharge and cess).
<b>Business profits</b>	Non-corporate @ 30% (plus surcharge and cess); Corporate @ 40% (plus surcharge and cess).  Rebate in respect of STT is available. The amount of rebate shall not exceed the amount of income-tax on such income from securities transaction.

If the FII/sub-account is a tax resident of a country with which India has entered into a "Double Taxation Avoidance Agreement" (a "treaty"), the provisions of the Income Tax Act 1961 will apply only to the extent they are more beneficial than the provisions of the treaty. There is no treaty between India and the Isle of Man and the Company's tax treatment will be governed by the provisions of the domestic tax law.

<sup>1</sup> Long-term capital gains are gains arising on sale of assets other than short-term capital assets.

<sup>2</sup> Surcharge @ 2.5% is applicable to a corporate. Surcharge applicable to a non-corporate is 10% if income exceeds INR 1,000,000.

<sup>3</sup> Education cess @ 2.5% is payable on income-tax plus surcharge.

<sup>4</sup> Short-term capital gains arise on transfer of shares in an Indian company or any other security listed on a recognised stock exchange in India and held for not more than 12 months. In case of other assets, short-term capital asset means assets held for not more than 36 months.

### Securities Transaction Tax Rates

Sr. No	Taxable securities transaction	Rate	Payable by
1	Purchase of an equity share in a company or a unit of an equity-oriented fund, where:- (a) the transaction is entered into on a recognised stock exchange; and (b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Purchaser
2	Sale of an equity share in a company or a unit of an equity-oriented fund, where:- (a) the transaction is entered into on a recognised stock exchange; and (b) the contract for the sale of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%	Seller
3	Sale of an equity share in a company or a unit of an equity-oriented fund, where:- (a) the transaction is entered into on a recognised stock exchange; and (b) the contract for the sale of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit.	0.025%	Seller
4	Sale of a derivative, where the transaction of such sale is entered into on a recognised stock exchange.	0.017%	Seller
5	Sale of unit of an equity oriented fund to the Company.	0.25%	Seller

#### Minimum Alternate Tax:

Every company is required to pay minimum tax if its total income computed as per the provisions of the Income Tax Act 1961 is less than 10% of its book profits. Such tax is payable at the rate of 10% (plus surcharge and education cess) of its book profits. Long-term capital gains arising on the sale of taxable securities which are exempt from income tax cannot be excluded when computing such book profits.

Such minimum alternate tax should not apply to foreign corporate having no place of business in India and not earning business income.

#### Withholding tax

The Company or any subsidiary in the Group may be required to pay withholding tax @ 10% (plus surcharge and education cess thereon) on fees for technical services paid to another non-resident where the services are utilised to earn income from a source in/from India. A recent Apex court decision held that a territorial nexus or live link must exist for deemed accrual of such fees for technical services as per section 9(1)(vii) of the Income Tax Act 1961. Therefore, relying on the Apex court decision, withholding tax provisions and compliance should not be attracted.

#### Stamp duty

There is no stamp duties payable on transfer of shares of Indian companies held in dematerialised form. Transfers of shares in Indian companies held in certificated form attract stamp duty at the rate of 0.25%, payable by the purchaser.

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

## PART VIII - ADDITIONAL INFORMATION

### 1 DIRECTORS' RESPONSIBILITY

The Directors, whose names are set out on page 4 of this document, and the Company accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2 THE COMPANY

2.1 The Company was incorporated with limited liability in the Isle of Man under the Law with registered number 118539C on 8 December 2006.

2.2 The Company's registered office and its principal place of business are in the Isle of Man and are located at Jubilee Buildings, Victoria Street, Douglas, Isle of Man, IM1 2SH. Its telephone number is +44 (0)1624 699 000.

2.3 Save for its entry into the material contracts summarised in paragraph 7 of this Part VIII and certain non-material contracts, since its incorporation, the Company has not carried on business nor incurred borrowings.

### 3 SHARE CAPITAL

3.1 At incorporation the authorised share capital of the Company was US\$300 million divided into 300 million ordinary shares of US\$1 each of which two were issued as subscriber shares to the two subscribers to the Memorandum and Articles. By special resolution referred to in paragraph 3.2 below, each of these subscriber shares was subdivided into one hundred Ordinary Shares which will be made available, fully paid, pursuant to the Placing. Neither the Law nor the Articles impose pre-emption rights on the issue of new shares. Accordingly, the Directors are generally and unconditionally authorised to allot securities in the Company up to the authorised but unissued share capital of the Company and such power is not limited in duration.

3.2 By a special resolution dated 5 February 2007 the Company:

3.2.1 cancelled 297 million of the ordinary shares of US\$1.00 each with which the Company was incorporated;

3.2.2 following the cancellation referred to in paragraph 3.2.1, subdivided each of the ordinary shares of US\$1.00 each comprised in the Company's authorised share capital (whether issued or unissued) into 100 ordinary shares of US\$0.01 each;

3.2.3 took authority, in accordance with section 13 of the Companies Act 1992 of the Isle of Man, to make market purchases of fully paid Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased shall be equal to 14.99 per cent. of the issued ordinary share capital of the Company following the issue of the Placing Shares. The maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be 5 per cent. above the average of the middle market quotations taken from the AIM Appendix to the Official List of the UKLA for the five business days before the purchase is made. The Company is permitted to fund the payments for purchases of Ordinary Shares out of its distributable profits. Such authority shall (unless previously renewed or revoked) expire on the earlier of the next annual general meeting of the Company and the date which is 18 months after the resolution is passed; and

3.2.4 subject to the confirmation of the Isle of Man High Court in accordance with section 56 of the Act, cancelled and reclassified as a distributable reserve of the Company all amounts standing to the credit of the share premium account following the closing of the Placing.

- 3.3 The authorised share capital and the maximum issued share capital of the Company (all of which will be fully paid-up) immediately following the Placing will be as follows:

	<b>Authorised No. of Shares</b>	<b>US\$ Nominal</b>	<b>Issued* No. of Shares</b>	<b>US\$ Nominal</b>
Ordinary Shares	300,000,000	3,000,000	60,000,000	600,000

\* assuming the Placing is fully subscribed.

- 3.4 In accordance with the power granted to the Directors by the Articles, it is expected that the Ordinary Shares to be issued under the Placing will be allotted (conditional upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission. There are no provisions of Isle of Man law equivalent to Sections 89 to 96 of the Companies Act 1985 of England and Wales which confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash.
- 3.5 The liability of Shareholders is limited to the amount payable in respect of Ordinary Shares held.
- 3.6 The Ordinary Shares carry the right to vote at general meetings, to dividends, and to the surplus assets of the Company on a winding-up.
- 3.7 Save pursuant to the Placing, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 3.8 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.9 As of the date of this document, the Company has no listed or unlisted securities not representing share capital.
- 3.10 On the assumption that the Placing is fully subscribed at the Placing Price, the Company will have on Admission 60 million Ordinary Shares in issue.

#### 4 DIRECTORS' AND OTHER INTERESTS

- 4.1 The maximum amount of remuneration payable to the Directors permitted under the Articles is US\$200,000 per annum in aggregate. Each Director will receive an annual director's fee of up to US\$25,000 per annum and is entitled to be repaid all reasonable expenses properly incurred by him in the performance of his duties as a director.
- 4.2 It is estimated that the aggregate emoluments (including benefits in kind and pension contributions (of which none is to be made)) of the Directors for the period ending 31 March 2008 will amount to no more than US\$115,000.
- 4.3 There are no existing or proposed service contracts between any of the Directors and the Company. There are no contracts entered into by the Company in which the Directors have a material interest save as described in this paragraph 4. Anderson Whamond is a director and shareholder of Charlemagne Capital Limited and a director of the Manager. Jonathan Bradley is a director of the Placing Agent. The Company has entered into the Management Agreement and the Introduction Agreement with the Manager and the Placing Agreement with the Placing Agent and the Manager both of which are subsidiaries of Charlemagne Capital Limited.
- 4.4 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

- 4.5 No Director has any interest in any transactions which are or were unusual in their nature or significant to the business of the Company and which have been effected by the Company since incorporation and remain in any way outstanding or unperformed.
- 4.6 No Director (nor any member of a Director's family) has had a related financial product (as defined in the AIM Rules) referenced to Ordinary Shares.
- 4.7 Based on the intentions of the Directors (and persons connected with the Directors) to subscribe under the Placing, the Directors (and persons connected with the Directors) are expected to hold, following Admission, the number of Ordinary Shares set out below:

<b>Name</b>	<b>Number of Ordinary Shares held</b>
Jonathan Bradley	20,000

In accordance with the lock-in arrangements contained in the AIM Rules, the Directors have agreed not to dispose of their Ordinary Shares for a period of one year from the date of Admission.

Save as set out in this sub-paragraph, no Director has any interest in the share capital of the Company nor has any person connected with any Director (so far as is known, or who could with reasonable diligence be ascertained by, each Director) an interest in the share capital of the Company or with any options in respect of such capital.

- 4.8 The Company is not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control of the Company.
- 4.9 Save as disclosed below, the Company is not aware of any person holding directly or indirectly more than 3 per cent. of the Company's issued share capital or any person who will hold, directly or indirectly, more than 3 per cent. of the Company's issued share capital after Admission. No Shareholder has different voting rights attached to his Ordinary Shares.

<b>Name</b>	<b>Ordinary Shares*</b>	<b>%</b>
	<b>Number</b>	
QVT Fund LP	3,000,000	5.00
Collins Stewart (CI) Ltd	2,250,000	3.75
Landesbank Berlin AG	17,000,000	28.33
IIMIA plc	3,000,000	5.00
Credit Suisse Securities Europe Limited	2,500,000	4.17
PBP Global Estate, FI	4,000,000	6.67
HSBC Private Bank (Suisse) SA	4,160,000	6.93
Banco Nominees (IOM) Limited	6,000,000	10.00
EFG Bank	1,990,000	3.32
DAB BanK AG	2,332,000	3.89

*\*Assuming the Placing is fully subscribed*

- 4.10 Directors and officers liability insurance will be maintained for the benefit of the Directors.
- 4.11 No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made, or been the subject of, any individual voluntary arrangement.
- 4.12 None of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors. None of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been the subject of receivership.

- 4.13 None of the Directors has been publicly criticised by any statutory or regulatory authority or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.14 There is no directors' shareholding qualification under the Articles or otherwise.
- 4.15 The directorships held by each of the Directors over the five years preceding the date of this document and the partnerships in which they have been partners in the five years preceding the date of this document are as follows:

**Shankar Jyoti Dey**

***Current Directorships/Partnerships***

***Past Directorships/Partnerships***

Essar Telecom Retail Limited  
Tasty Bite Eatables Limited  
N M Rothschild & Sons (India) Private Limited

**James Carew Rosapepe**

***Current Directorships/Partnerships***

***Past Directorships/Partnerships***

European Convergence Development Company plc  
European Convergence Property Company plc  
Patuxent Capital Group LLC  
Patuxent Consulting Group Inc  
The Balkan Fund

Société Generalé Romania Fund Limited

**Anderson Alexander Whamond**

***Current Directorships/Partnerships***

***Past Directorships/Partnerships***

Appleyard Investments Limited  
Asian Opportunities Fund 1998 – I  
Balkan Holdings (Cyprus) Limited  
Burnbrae Limited  
Charlemagne Capital (Advisory) Limited  
Charlemagne Capital (Barbados) Limited  
Charlemagne Capital (IOM) Limited  
Charlemagne Capital (Investments) Limited  
Charlemagne Capital Limited  
Charlemagne Capital (Services) Limited  
Charlemagne CIS Fund (Labuan) Limited  
Charlemagne CIS Fund Limited  
Charlemagne Finance (Cyprus) Limited  
Cherrywood Consulting  
European Convergence Development Company plc  
European Convergence Property Company plc  
Holmglen Limited  
Interman Limited  
Ireton Enterprises Limited  
Magna Umbrella Fund plc  
Novy Neft Limited  
Novy Neft II Limited  
OCCO Asia Fund  
OCCO Eastern European Fund  
OCCO Global Emerging Markets Funds  
OCCO Latin America Fund plc  
Port Antonio Limited  
Regent Magna Europa (Cyprus) Limited (in voluntary liquidation)  
Regent Pacific Group Limited  
Regent Pacific Fund (in voluntary liquidation)  
Rothsay Limited  
  
Sleepwell Hotels Limited

Asian Debt Fund  
Bald Eagle Asia Equities Fund  
Bald Eagle Asian Equities (non US Feeder) Fund  
Charlemagne Capital (Cayman) Limited  
Charlemagne Capital (Investments) Limited  
Charlemagne Capital (Property) Limited  
Cleflex.com (IOM) Limited  
EETF (Cyprus) Limited  
Interman Services Limited  
Interman UK Limited  
International Fund Arbitrage  
Ironwood Enterprises LLC  
JEM Limited  
Lattice Limited  
Navrona Investments Limited  
OCCO Latin America Fund  
Regent European Securities (Cayman) Limited  
Regent Fund Management Limited  
Regent Pacific Energy Limited  
Regent Pacific Private Equity Limited  
Regent Russian Bond Fund  
Sidebottom Holdings Limited  
South Asia Fund  
Southwise Trading Limited  
Spanish Off-Plan Properties plc  
Ukraine Investment Fund  
Undervalued Assets Fund – Series One  
Undervalued Assets Property Fund – Series Two  
  
Undervalued Assets Thailand Fund  
Undervalued Opportunities Company Limited  
Undervalued Opportunities (Master) Company Limited  
Walker Telecommunications Limited

Sleepwell Hotels (UK) Limited  
SWR Investments Limited  
The Balkan Fund  
TBF (Cyprus) Limited  
UAR Investments Limited  
WTIC Limited

### **Nigel Jonathan Bradley**

#### **Current Directorships/Partnerships**

Bradley Consultancy Limited  
Charlemagne Capital (UK) Limited  
Charlemagne Capital Russia Value Fund  
Invesco Perpetual European Absolute Return Trust plc  
Magna Umbrella Fund plc  
Novy Neft II Limited  
OCCO Asia Fund  
OCCO Eastern European Fund  
OCCO Global Emerging Markets Fund  
Regent Special Projects Limited  
The Balkan Fund

#### **Past Directorships/Partnerships**

Cadilly Consultants Limited  
Charlemagne Capital (UK) Investments Limited  
Magna Europa Fund plc  
Maximus Alternate Investment Fund  
Regent Magna Europa (Cyprus) Limited  
Regent Pacific Corporate Finance Limited  
UAFC Limited  
Undervalued Assets Fund - Series One

## 5 MEMORANDUM AND ARTICLES OF ASSOCIATION

The Companies Act 1986 (the "1986 Act") of the Isle of Man removed the need for the objects of a company incorporated in the Isle of Man after 1 June 1988 to be set out in the Memorandum of Association of the company, by providing that the company has, subject to the 1986 Act, the capacity and the rights, powers and privileges of an individual. As the Company is a company which was incorporated in the Isle of Man after 1 June 1988, the objects of the company are not set out in its Memorandum but, pursuant to the 1986 Act, the Company has the capacity and, subject to the 1986 Act, the rights, powers and privileges of an individual.

The Memorandum does not set out any restrictions on the exercise of the rights, powers and privileges of the Company.

The Articles contain provisions, *inter alia*, to the following effect:

### 5.1 *Variation of rights*

Subject to the provisions of the Law, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles. This paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the Board resolving that a class of shares is to become or cease to be a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred pursuant to the CREST Regulations.

### 5.2 *Alteration of capital*

The Company in general meeting may from time to time by ordinary resolution:

- (a) increase its share capital by such sum to be divided into shares of such amount as the

resolution prescribes;

- (b) consolidate and/or divide, re-designate or convert all or any of its share capital into shares of larger or smaller nominal amount, or into different classes of shares than its existing shares;
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of the Law, sub-divide its shares or any of them into shares of smaller nominal value than is fixed by the Memorandum and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

Subject to the provisions of the Law and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any undistributable reserve in any manner.

Subject to the provisions of the Law and to any rights for the time being attached to any shares, the Company may enter into any contract for the purchase of any of its own shares of any class (including any redeemable shares) and any contract under which it may, subject to any conditions, become entitled or obliged to purchase all or any of such shares. Any shares to be so purchased may be selected in any manner whatsoever provided that if at the relevant date proposed for approval of the proposed purchase there shall be in issue any shares of a class entitling the holders to convert into equity share capital of the Company then no such purchase shall take place unless it has been sanctioned by a special resolution passed at a separate general meeting (or meetings if there is more than one class) of the holders of the class of convertible shares.

### 5.3 *Transfer of shares*

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares without a written instrument in accordance with the CREST Regulations. Any written instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Company's register of members as the holder of the shares.

No transfer of any share shall be made:

- (a) to a minor; or
- (b) to a bankrupt; or
- (c) to any person who is, or may be, suffering from mental disorder and either:
  - (i) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 (an Act of Parliament) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or
  - (ii) an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs

and the Directors shall refuse to register the purported transfer of a share to any such person.

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

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

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

The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Board may from time to time determine (subject to the CREST Regulations in the case of any shares of a class which is a Participating Security as defined below). Notice of closure of the register of members of the Company shall be given in accordance with the requirements of the Law.

The Board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a share or class of shares or a renounceable right of allotment of a share ("Participating Security"), title to which is permitted to be transferred by means of a relevant uncertificated system in accordance with the CREST Regulations, held in uncertificated form in accordance with the CREST Regulations, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the CREST Regulations.

#### 5.4 *Dividends*

Subject to the provisions of the Articles, the Company may by ordinary resolution declare that out of profits available for distribution in accordance with Isle of Man law dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to dividend arises.

#### 5.5 *Suspension of rights*

The Board may at any time serve a notice ("Information Notice") upon a member requiring the member to disclose to the Board in writing within such period (being not less than ten days and not more than thirty days from the date of despatch) as may be specified in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member's name. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice ("relevant shares") to furnish any information required by such notice within the time period specified therein, then the Board may at any time following 14 days from the expiry of the date on which the

information required to be furnished pursuant to the relevant Information Notice is due to be received by the Board, serve on the relevant holder a notice (in this paragraph called a “disenfranchisement notice”) whereupon the following sanctions shall apply:

(a) Voting

the member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(b) Dividends and transfers

where the relevant shares represent at least 0.25 per cent. in nominal value of their class:

- (i) any dividend or other money payable in respect of the relevant shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to the Articles to receive shares instead of that dividend; and
- (ii) subject in the case of the transfer of uncertificated shares pursuant to the CREST Regulations, no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

5.6 *Prohibited Persons*

Notwithstanding any other provision of the Articles the Board may (in its absolute discretion and without giving any reason therefor) refuse to register any transfer of a share to a Prohibited Person. If any transferee is a Prohibited Person (as defined in the Articles) or the Board otherwise determines that the holding of shares by such transferee would be in breach of any relevant legal or regulatory requirement or would subject the Company to any adverse legal, regulatory or taxation consequences or the Board otherwise determines (in its sole discretion and without being obliged to provide its reasons therefor) that such holding is not in the Company’s interest, the Company may direct such transferee to sell his shares to a person who is not a Prohibited Person within 30 days of the notice of refusal.

5.7 *US Restrictions*

Notwithstanding any other provision of the Articles, if any shares are owned directly or beneficially by any person:

- (i) who the Directors believe to be a US Person (as defined in the Articles);
- (ii) which may cause the Company to be required to be registered as an investment company under the US Investment Company Act of 1940 (as amended);
- (iii) which may cause more than 25 per cent. (or such new ownership threshold that may be established by a change in the Plan Asset Regulation (as defined in the Articles) or other applicable law) of any class of the capital of the Company to be owned by Benefit Plan Investors (as defined in the Articles) or in some other way the Company may be deemed to be in jeopardy of being “plan assets” under the Plan Asset Regulation, the Directors may give notice to such person requiring that person either: (a) to provide the Directors within 30 days with sufficient satisfactory documentary evidence to satisfy the Directors that such: (A) person is not a US Person; (B) person’s holding of shares shall not cause the Company to be required to be registered as an investment company under the US Investment Company Act of 1940 (as amended) or the Company’s assets to be deemed to be “plan assets” under the Plan Asset Regulation; or (C) person is not a Benefit Plan Investor, whether or not a US Person; or (b) to sell or transfer the shares to a person qualified to own the same within 30 days and within such 30 days to provide the Directors with satisfactory evidence of such sale or transfer. Otherwise, the relevant person may be deemed upon the expiration of the 30-day period by the Directors

to have forfeited. Periodic enquiries may be made of shareholders to determine whether this restriction may have been breached. Failure to respond to such enquiries may result in the forfeiture of the relevant shareholder's shares.

#### 5.8 *Return of capital*

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively, subject to the rights attached to any shares which may be issued on special terms or conditions.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 222 of the Act. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to Section 222 of the Act may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

#### 5.9 *Pre-emption rights*

There are no provisions contained in Isle of Man law which bestow pre-emption rights upon holders of shares in an Isle of Man company; the Articles contain no pre-emption provisions in favour of holders of shares in the capital of the Company.

#### 5.10 *Borrowing powers*

Subject to the other provisions of the Articles and to the Law, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### 5.11 *General meetings*

Subject to the provisions of the Law, annual general meetings shall be held at such time and place as the Board may determine.

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. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 113 of the Act) no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not within the Isle of Man sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general meeting.

An annual general meeting and an extraordinary general meeting convened for the passing of a special resolution or a resolution appointing a person as a Director or (save as provided by the Act) a resolution of which special notice has been given to the Company shall be convened by not less than 21 clear days' notice in writing. Other extraordinary general meetings shall be convened by not less than 14 clear days' notice in writing.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a Chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be quorum. If within 15 minutes (or such longer interval not exceeding one hour as the Chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such time and place as the Chairman (or, in default, the Board) may determine, being not less than 14 nor more than 28 days thereafter. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or, if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least 7 clear days' notice of any meeting adjourned through lack of quorum (where such meeting is adjourned to a day being not less than 14 nor more than 28 days thereafter).

#### 5.12 *Votes of members*

Subject to the provisions of the Law and to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall on a show of hands have one vote and on a poll every member present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for each share of which he is the holder.

#### 5.13 *Retirement by rotation*

At every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not 3 or a multiple of 3, the number nearest to but not exceeding one third shall retire from office by rotation provided that if there is only one Director who is subject to retirement by rotation, he shall retire.

#### 5.14 *Directors' interests, fees and indemnity*

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

Except as provided below, a Director shall not vote on or be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any proposal whatsoever to which the Company is or is to be a party and in which he has (directly or indirectly) an interest which is material (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company) or a duty which conflicts with the interests of the Company unless his duty or interest arises only because the resolution relates to one of the matters set out in the following sub-paragraphs in which case he shall be entitled to vote and be counted in the quorum:

- (a) the giving to him of any guarantee, security or indemnity 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 to a third party of any guarantee, security or indemnity 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 either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (d) relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the United Kingdom Companies Act 1985) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (e) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (f) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

An interest of a person who is, for any purpose of the Law (excluding any such modification thereof not in force when the Articles became binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director otherwise has.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination) of 2 or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding US\$200,000 per annum in aggregate or such other sum as the Company in general meeting shall from time to time determine). Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as a Director.

Subject to the Law, but without prejudice to any indemnity to which he may otherwise be entitled, every Director, alternate Director, secretary or other officer of the Company (other than an auditor) shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him in the actual or purported execution of his duties.

## 6 OVERSEAS INVESTORS

**No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to**

whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares nor should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.

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

## 7 MATERIAL CONTRACTS

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

- 7.1 A Management Agreement dated 21 February 2007 between the Company and the Manager pursuant to which the Manager has agreed to provide investment management services to the Company in relation to the portfolio of investments held by it from time to time.

The Manager will receive an annual management fee equal to 1.75 per cent. per annum of the monthly Net Asset Value of the Company. This fee will accrue monthly on each Valuation Day and is payable monthly in arrears. In the event that the Agreement is terminated otherwise than at the end of any management fee calculation period, the Manager shall be entitled to a pro rata payment in respect of the relevant period.

In addition, the Manager shall be entitled to a performance fee, accrued monthly and calculated and payable after the end of each performance fee period, equal to 15 per cent. of any excess of the Net Asset Value per Share (after adding back dividends and other distributions and ignoring any accrued performance fee) as at the end of each performance fee period over the benchmark multiplied by the time weighted average number of Ordinary Shares in issue over the relevant period.

For these purposes, the benchmark shall be equal to the highest Net Asset Value per Share as at the last Valuation Day in any preceding performance fee period and, in the case of the first performance fee period, shall be the Placing Price.

The first performance fee period shall commence on Admission and shall terminate on 31 March 2008. Each subsequent performance fee period shall commence on 1 April and terminate on 31 March in the following year (or on the termination of the Management Agreement, if earlier).

These management and performance fees shall be paid by the Group. The Manager shall also be entitled to re-charge to the Group all and any reasonable costs and disbursements properly incurred by it in the performance of its duties including costs of travel save to the extent that such costs are staff costs or other internal costs of the Manager.

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

The Agreement is terminable on 12 months' notice expiring on or at any time after the third anniversary of Admission. The Agreement may be terminated summarily or on shorter notice in certain other circumstances including for material breach of contract. The Agreement contains an indemnity in favour of the Manager from the Company for losses it may suffer in connection with its performance of services under the Agreement.

- 7.2 A Placing Agreement dated 21 February 2007 between the Company, the Manager and the Placing Agent pursuant to which the Placing Agent has agreed use its reasonable endeavours as agent for the Company to seek subscribers at the Placing Price for 60 million Placing Shares.

In consideration for its services the Placing Agent will be paid a commission of 4 per cent. of the aggregate value, at the Placing Price, of the Placing Shares issued pursuant to the Placing. In addition, the Placing Agent shall be entitled to charge placees and retain an initial charge of up to 3 per cent. of the amount subscribed by placees.

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

- 7.3 An Administration Agreement dated 21 February 2007 between the Company and the Administrator pursuant to which the Administrator is appointed to act as administrator and registrar of the Company, to keep and prepare the accounts of the Company and to provide a company secretary. The Administrator shall be entitled to receive a fee of 10 basis points per annum of the net asset value of the Company, subject to a minimum monthly fee of US\$7,500, calculated monthly and payable quarterly in arrears. The Administrator shall assist in the preparation of the financial statements of the Company for which it shall receive a fee of US\$3,250 per set.

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

The Administrator shall provide general secretarial services to the Company for which it shall receive a minimum annual fee of US\$10,000. Additional fees, based on time and charges, will apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of US\$1,000 per day or part thereof will be charged.

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

- 7.4 A Custodian Agreement dated 21 February 2007 between the Company, the Manager and the Custodian pursuant to which the Custodian is appointed to provide a safekeeping service to the Company.

The Custodian shall be entitled to receive fees calculated as 5 basis points per annum of the net asset value of the portfolio of the Company, subject to a minimum monthly fee of US\$2,250, calculated monthly and payable quarterly in arrears.

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

thereafter. The Custodian shall also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred by the Custodian in carrying out its duties.

The Agreement allows for the Custodian to delegate certain of its duties to sub-custodians. The fees of any such sub-custodian will be borne by the Group.

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

- 7.5 An Introduction Agreement dated 21 February 2007 between the Company, the Manager, the Directors and the Nominated Adviser pursuant to which the Nominated Adviser has agreed, subject to certain conditions, (i) to submit an application for Admission to the London Stock Exchange and (ii) to act as the Company's nominated adviser in respect of such application. The Company has agreed to pay the Nominated Adviser a fee of £75,000 plus VAT and expenses.

The Agreement contains certain warranties given by the Company and the Manager in favour of the Nominated Adviser as to the accuracy of the information contained in this document and other matters relating to the Company and its business together with certain limited warranties given by the Directors in relation to certain information. The Agreement also contains an indemnity from the Company and the Manager under which the Company and the Manager have agreed to indemnify the Nominated Adviser against all losses, claims, liabilities, actions, demands, costs, charges and expenses which the Nominated Adviser may incur in carrying out its obligations under the Agreement. The obligations of the Nominated Adviser under the Agreement (i) are conditional on certain matters and events including, *inter alia*, Admission taking place not later than 8.00 a.m. on 26 February 2007, or such later date as the Nominated Adviser and the Company may agree, not being later than 31 March 2007, and (ii) may be terminated before Admission in certain circumstances including in the event of a breach on the part of the Company, the Manager or the Directors (including a breach of warranty).

- 7.6 A Nominated Adviser and Broker Agreement dated 21 February 2007 between the Company and the Nominated Adviser pursuant to which the Nominated Adviser agrees to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for an annual fee of £25,000, payable twice yearly in advance, such annual fee to commence on 1 January 2008. The Agreement may be terminated by either party on 7 days' written notice (or immediately in certain circumstances) and contains certain indemnities given by the Company in favour of the Nominated Adviser.

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

- 7.7 An engagement letter dated 5 February 2007 between the Company and the Nominated Adviser pursuant to which the Nominated Adviser agrees to act for the Company as nominated adviser and financial adviser in relation to Admission. The engagement letter contains an indemnity from the Company to the Nominated Adviser. The engagement letter automatically terminates on Admission. In the event of any conflict between the terms of the engagement letter and the Introduction Agreement the terms of the Introduction Agreement prevail.

## 8 **WORKING CAPITAL**

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

## 9 **MISCELLANEOUS**

- 9.1 The Company has applied to CRESTCo for the Ordinary Shares to be admitted to CREST as a participating security. It is expected that the admission of the Ordinary Shares to CREST as a

participating security will be effective from or soon after Admission. Shareholders who are direct or sponsored members of CRESTCo will be able to dematerialise the Ordinary Shares in accordance with the rules and practices instituted by CRESTCo.

- 9.2 The Company has not been nor is it currently engaged in any governmental, legal or arbitration proceedings (nor, so far as the Company is aware, are there any such governmental, legal or arbitration proceedings pending or threatened by or against the Company) which may have or have had since the Company's incorporation a significant effect on the Company's financial position.
- 9.3 None of the Ordinary Shares available under the Placing is being underwritten.
- 9.4 The Company has no subsidiaries.
- 9.5 The Directors confirm that the Company was incorporated and registered on the date referred to in paragraph 2.1 above and that, save for its entry into the material contracts described in paragraph 7 above, the Company has not traded, no accounts have been made up and no dividends have been declared.
- 9.6 There has been no significant change in the financial or trading position of the Company since the date of its incorporation or any factors which have influenced its activities. The Company does not have nor has it had any employees and it neither owns nor leases any premises.
- 9.7 The estimated total costs and expenses payable by the Company in connection with the Placing and Admission (including placing commission, professional fees, the costs of printing and the other fees payable) will be approximately 5.15 per cent. of the gross amount raised, assuming the Placing is fully subscribed.
- 9.8 The Company is not dependent on any patents or other intellectual property rights or licences.
- 9.9 The Company currently has no significant investments in progress.
- 9.10 The accounting reference date of the Company is 31 March.
- 9.11 Save as disclosed in this document, no person has received, directly or indirectly, from the Company since 8 December 2006 (the date of incorporation of the Company) or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- 9.12 Panmure Gordon (Broking) Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.13 Charlemagne Capital (UK) Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.14 Charlemagne Capital (IOM) Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.15 Anglo Irish Bank Corporation (I.O.M.) P.L.C. has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.16 Anglo Irish Fund Services Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 9.17 KPMG Audit LLC and KPMG LLC have each given and not withdrawn their written consent to the inclusion in this document of references to their respective names in the form and context in which they appear.

- 9.18 The ISIN number of the Ordinary Shares is IM00B1N95Z00. The SEDOL code of the Ordinary Shares is B1N95Z0. The TIDM code for the Company is NBPC.
- 9.19 The Company will not make any material change in the investment objectives and policy of the Company without the approval of Shareholders by ordinary resolution.
- 9.20 The Company is subject to the City Code on Takeovers and Mergers (the "Code") which, *inter alia*, provides that if any person, or company of persons acting in concert, acquires Ordinary Shares carrying 30 per cent. or more of the voting rights exercisable in general meetings, that person shall be required to make an offer for all the issued Ordinary Shares not already held by him (or persons acting in concert with him) in cash at the highest price paid by that person, or any person acting in concert with him during the 12 month period prior to the purchase of shares which triggered the obligation. Section 154 of the Act provides that if an offer is made for the issued share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has received acceptances or purchased shares subsequent to the making of the offer amounting (in aggregate) to 90 per cent. of the shares to which the offer relates. Certain time limits apply.
- 9.21 Certain information within Part III of this document has been sourced from the Citigroup Global Markets Equity Research Industry In-Depth Report, dated 4 December 2006 and from Colliers International Quarterly Research Reports dated July 2006 and November 2006. As far as the Company is aware and is able to ascertain from information published by those third parties, this information has been accurately reproduced and no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Stephenson Harwood, One, St. Paul's Churchyard, London EC4M 8SH during business hours on any weekday (Saturdays and public holidays excepted) for a period of one month from the date of Admission:

- 10.1 the Memorandum and Articles;
- 10.2 the material contracts referred to in paragraph 7 of this Part VIII;
- 10.3 the Law;
- 10.4 the Accountant's Report set out in Part VI of this document;
- 10.5 the consent letters referred to in paragraphs 9.12 to 9.17 of this Part VIII; and
- 10.6 this document.

Dated: 21 February 2007