

A copy of this document, which comprises a prospectus with regard to The Ukraine Opportunity Trust PLC prepared in accordance with the prospectus rules made under sections 73A and 84 of the Financial Services and Markets Act 2000, has been or will be filed with the Financial Services Authority and made available to the public as required by Rule PR3.2 of the Prospectus Rules.

Application has been made to the Financial Services Authority in its capacity as competent authority (the "UK Listing Authority") for the purposes of the Financial Services and Markets Act 2000 for all of the Ordinary Shares and Warrants of The Ukraine Opportunity Trust PLC (issued and to be issued) to be admitted to the Official List and for all such Ordinary Shares and Warrants to be admitted to trading on the London Stock Exchange. It is expected that such admission will become effective, and that dealings in the Ordinary Shares and in the Warrants will commence, on 19 October 2005.

The Directors of The Ukraine Opportunity Trust PLC, whose names appear on page 73 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

U.F.G.I.S. Trading Limited ("UFG") is acting for The Ukraine Opportunity Trust PLC and no-one else in connection with the Placing and will not regard any other person as its client in relation to the Placing and will not be responsible to anyone other than The Ukraine Opportunity Trust PLC for providing the protections afforded to its clients nor for providing advice in relation to the Placing or any transaction or arrangement referred to in this document.

Ernst & Young LLP is acting for The Ukraine Opportunity Trust PLC and no-one else in connection with the Placing and will not regard any other person as its client in relation to the Placing and will not be responsible to anyone other than The Ukraine Opportunity Trust PLC for providing the protections afforded to its clients nor for providing advice in relation to the Placing or any transaction or arrangement referred to in this document.

Prospective investors should read this entire document and, in particular, the matters set out under the heading "Special Considerations and Risk Factors" on pages 11 to 16, when considering an investment in The Ukraine Opportunity Trust PLC.

The Ukraine Opportunity Trust PLC

(incorporated in England and Wales under the Companies Act 1985 with registered no.5537892)

Placing

**of up to 7,500,000 Ordinary Shares of US\$0.01 each
with one Warrant for every five Ordinary Shares
at a Placing Price of US\$10.00 per Ordinary Share
payable in full on application**

Sole Global Co-ordinator, Placing Agent, Bookrunner and Financial Adviser

UFG

Sponsor

Ernst & Young LLP

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful and is not for distribution in or into Australia, Canada or Japan. The Ordinary Shares and the Warrants offered by this document have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"), or under the applicable state securities laws of the United States or under the applicable securities laws of Australia, Canada or Japan and, subject to certain exceptions, may not be offered or sold directly or indirectly in or into the United States, Australia, Canada or Japan or to or for the account or benefit of any US person (within the meaning of Regulation S under the Securities Act), or any person resident in Australia, Canada or Japan. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**").

IMPORTANT INFORMATION

Investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Investment Manager, the Placing Agent, the Sponsor or any other person. Neither the delivery of this document nor any subscription or purchase of shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

The contents of this document are not to be construed as advice relating to legal, financial, taxation, investment or any other matter. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares and Warrants; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares and Warrants which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares and Warrants. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

Investment in the Company will involve certain risks and special considerations including, in particular, the matters set out in the next section entitled "Special Considerations and Risk Factors". The investments of the Company may be subject to market fluctuations and risks inherent in investment generally as well as the specific risks described in this document and there can be no assurance that an investment in the Company will retain its value or that appreciation will occur. The price of Ordinary Shares and the income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Investors must be able and willing to withstand the loss of their entire investment.

This document should be read in its entirety before making any investment in the Ordinary Shares and the Warrants. All Shareholders and Warrantholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum and Articles of Association of the Company which investors should review.

Statements made in this prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Forward-looking Statements

This prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in the part of this document entitled "Special Considerations and Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as of the date of this document. Subject to any obligations under the Listing Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or the Investment Manager or individuals acting on behalf of the Company or the Investment Manager are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider

the factors identified in this document which could cause actual results to differ before making an investment decision.

Presentation of Information

Market, Economic and Industry Data

Market, economic and industry data used throughout this document is derived from various industry and other independent sources. Where market, economic and industry data is derived from industry and other independent sources, the publications in which they are contained generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed.

Currency Presentation

Unless otherwise indicated, all references in this document to “pounds sterling”, “£”, “pence” or “p” are to the lawful currency of the UK, all references to “\$”, “US\$” or “US dollars” are to the lawful currency of the US, all references to “HRN” or “hryvnia” are to the lawful currency of Ukraine and all references to “€” or “Euro” are to the lawful currency of the Eurozone countries.

References to Defined Terms

Certain terms used in this document, including capitalised terms, are defined under the heading “Definitions” on pages 71 to 73 inclusive.

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SUMMARY

THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO AND IN CONJUNCTION WITH, THE FULL TEXT OF THIS PROSPECTUS.

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

The Company

The Ukraine Opportunity Trust PLC was incorporated in England and Wales on 16 August 2005 and, after the date of Admission, will be a new investment trust. The Company's Ordinary Shares and Warrants will be admitted to the Official List and traded on the London Stock Exchange. The Company has appointed Fabien Pictet & Partners Limited to act as its investment manager.

Investment objective

The Company's investment objective is to achieve long-term capital growth primarily from a diversified portfolio of companies incorporated, headquartered or domiciled, or whose businesses are carried on in, Ukraine (including the non-Ukrainian holding companies of such companies).

Why invest in Ukraine

Despite the weaknesses in the Ukrainian economy, the Directors consider investment in Ukraine to be attractive because of:

- year-on-year economic growth from 5.2 per cent. to 12.2 per cent. after years of stagnation;
- an improving legal and business environment;
- a skilled, educated and inexpensive work force;
- a growing base of maturing private companies managed by a new generation of more experienced entrepreneurs;
- increasing use of private equity to fund growth;
- fragmented consumer goods industry sectors, creating opportunities for consolidation; and
- the arrival of American/western European and Russian strategic investors, which is expected by the Directors to accelerate in the next two to four years.

The Directors expect these factors will create attractive investment opportunities.

Investment policy

Initially, the Investment Manager will focus predominantly on investing in a portfolio of up to 15 unquoted companies. It is expected that those investments will be realised either through a trade sale or a listing on a relevant exchange and it is anticipated that the holding period for an unquoted investment should be five to seven years on average.

Thereafter, and if the listed securities market develops over time, the Investment Manager's investment approach will be to move towards a portfolio of listed investments. The Directors anticipate that in the long-term liquid, blue chip stocks will account for about half of the portfolio. The rest will be invested in smaller companies in growth sectors, or in leading companies in early stage markets. The investment approach will be bottom-up, founded largely on sector-based company analysis. The Investment Manager will procure extensive research based on reliable local sources, including the Investment Adviser. Regular company visits will be made in order to understand the management objectives and to seek to establish the quality of the assets. In Ukraine factors such as corporate governance, management, economic instability and institutional reform need to be given greater prominence in reaching an investment decision and give rise to greater risks.

The Company may invest in companies incorporated, resident or domiciled outside Ukraine that directly or indirectly invest in, or that have a substantial link with Ukraine and may invest up to 15 per cent. of the portfolio in companies incorporated, headquartered or domiciled in or whose businesses are primarily carried on in, other eastern European countries.

Specific industry sectors to be targeted include consumer products, media and entertainment, construction materials, pharmaceutical, logistics and distribution and export-oriented manufacturing.

The Company will invest no more than 15 per cent. by value of its investments (at the time of investment) in any one company.

Investment process

The investment process for the Company's Ukrainian private equity investments will involve deal origination and due diligence carried out by the Investment Adviser. The Investment Adviser, in conjunction with the Investment Manager, will also be involved in determining the structure of the Company's investment. Once a final private equity proposal has been agreed by the Investment Manager, it will be presented to the Company's Investment Committee for review and approval. At all stages of the investment process the Investment Adviser will consult with, and will be subject to the supervision of, the Investment Manager. The Investment Manager will have discretionary authority to invest and divest in respect of all non private equity investments. The Investment Manager remains subject to the ultimate supervision and control of the Directors at all times.

The Investment Manager will have discretion to make private equity investments and disposals involving less than 2.5 per cent. (subject to an aggregate maximum of 10 per cent.) of the Company's gross assets without prior reference to the Investment Committee.

The investment advisory obligations of the Investment Adviser under the Investment Advisory Agreement are conditional upon, and take effect from the date of, the Investment Adviser being authorised by the Cyprus Securities and Exchange Commission to provide the investment advisory services under such agreement. Pending such authorisation, the Investment Adviser is obliged to make available the services of Messrs Hawrylyshyn and Schekaturov as consultants to the Investment Manager (on a part-time basis for no additional consideration). During this period, the Investment Manager will undertake the investment advisory obligations of the Investment Adviser. If such authorisation is not obtained by 1 February 2006 (or such later date as the Company and the Investment Manager may agree), the Investment Advisory Agreement shall lapse and be of no further effect.

Fees and expenses

A management fee is payable to the Investment Manager at the annual rate of 2 per cent. of the Net Asset Value of the Company (including current period revenue) (before deduction of accruals in respect of the management fee for the current month and any performance fee) as at each month end, together with an amount equal to any VAT thereon. The management fee accrues daily and is payable monthly in arrear.

A performance fee is payable by reference to the increase in the Net Asset Value of the Company (before deduction of accruals in respect of performance fees in respect of such performance period) net of any issues and repurchases of Shares and after adding back any dividends paid over the course of a "performance period". The first performance period begins on the date of Admission and ends on 31 December 2005, each subsequent performance period is a period of one year ending on 31 December in each year or the date of termination of the Investment Management Agreement.

The performance fee will be an amount equal to 20 per cent. of the increase, since the performance period in respect of which a performance fee was last earned (or the date of Admission if no performance fee has yet been earned), in the Net Asset Value of the Company (adjusted as described above) together with an amount equal to VAT thereon.

In certain circumstances following termination of the Investment Management Agreement, the Investment Manager will continue to receive payments by reference to the increase during each annual period ending 31 December in the value of private equity investments initiated by the Investment Manager prior to termination. These payments will amount to 15 per cent. of the increase in the value of such investments (including amounts received by the Company) over the highest of

their cost price, their value at the date of termination and their value at the end of the last period as at which the Investment Manager received such a payment.

The Investment Manager is responsible for the Investment Adviser's fees.

Dividend policy

As the Company's objective is to achieve long term capital growth, it is likely that a high proportion of the investments that it makes will be in relatively low yielding securities. In order to obtain approval as an investment trust, the Company may not retain more than 15 per cent. of the income that it derives from shares and securities. However, given the low yielding nature of many of its likely investments, it is anticipated that the Company will pay only a nominal annual dividend, if any. For the first few financial years of the Company, however, the Company is likely to pay a higher dividend as it is likely to have a greater proportion of its assets invested in money market investments and therefore to receive a greater amount of income (which is likely to be subject to taxation) than in later years.

Distributable income will be derived principally from investments. Surpluses arising from realisations of investments will not be distributed as dividends but will be taken to a non-distributable "capital" reserve, and dividends will not be paid unless they are covered by income received from underlying investments.

Borrowing policy

The Company has the ability under the Articles to borrow up to a limit of 30 per cent. of its net assets although the Directors do not currently anticipate borrowing any funds for long-term investment. Examples of when the Directors may exercise the power to borrow include where necessary to make an investment where disposal proceeds from a realisation have not yet been received or where the Company wishes to purchase its own Shares.

Valuation policy

Unquoted investments held by the Company will be valued in accordance with International Private Equity and Venture Capital Valuation Guidelines on a six-monthly basis. In addition, in the event of particular circumstances affecting the value of any unquoted investments, those individual unquoted investments may be revalued at any time between regular six-monthly valuations.

All other investments will be valued on a marked to market basis.

The Net Asset Value per Share (excluding current period revenue) will be calculated by the Administrator, approved by the Investment Manager and announced on a monthly basis on a regulatory information service approved by the FSA, generally within five business days after the month-end.

Purchase of own Shares and Warrants

If the Directors, in their absolute discretion, consider it to be in the best interests of the Company to do so, the Company may purchase its own Shares or Warrants, subject to any applicable insider dealing rules, listing rules and any other applicable legislation.

Life of the Company

The Company's articles of association contain provisions designed to ensure that, unless the Company is wound up earlier as described below, it will be wound up on 30 September 2020. The Directors may in their discretion convene an extraordinary general meeting of the Company in the year 2015 for the purposes of winding up the Company and the Articles contain provisions designed to ensure that a special resolution to wind up the Company proposed at that meeting will be passed.

Taxation

The Directors intend to conduct the affairs of the Company in a manner that will satisfy the conditions for approval as an investment trust under Section 842. Such approval is granted retrospectively for each accounting period. The Company will be exempt from United Kingdom corporation tax on capital gains in respect of each accounting period for which such approval is granted.

Potential investors are referred to paragraph 11 of Part VI for details of the taxation of the Company and of Shareholders and Warrantholders. **If any potential investor is in doubt as to the taxation**

consequences of the acquisition, holding or disposal of Shares, he should consult a professional adviser.

Placing and timing

The Company expects to raise up to US\$75 million (before expenses) through the Placing. It is expected that dealings in the Ordinary Shares and in the Warrants will commence on or about 19 October 2005.

Risk factors

Investors contemplating an investment in the Ordinary Shares and the Warrants of the Company should recognise that there is no guarantee that the Company will achieve its investment objective and that the Ordinary Shares and the Warrants are only an appropriate investment for potential investors who understand that they may lose their entire investment.

Please see "Special Considerations and Risk Factors".

SPECIAL CONSIDERATIONS AND RISK FACTORS

Investment in the Company carries a degree of risk including the risks in relation to the Company and the Ordinary Shares and the Warrants referred to below. The risks referred to below do not purport to be an exhaustive list and potential investors should review this document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares and Warrants. If any of the risks referred to in this document were actually to occur, the financial position and prospects of the Company could be materially adversely affected. If this were to occur, the trading price of the Ordinary Shares and the Warrants and/or their net asset value and/or the level of dividends (if any) could decline significantly and investors could lose all or part of their investment.

Investors contemplating an investment in the Ordinary Shares and the Warrants of the Company should recognise that there is no guarantee that the Company will achieve its investment objective. The past performance of funds managed by the Investment Manager is not necessarily indicative of the future performance of the Company. Prospective investors should regard an investment in the Company as long-term in nature and they may not recover the full amount initially invested.

Investor profile

The Placing will be marketed to institutional and sophisticated investors.

An investment in the Ordinary Shares and the Warrants is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from that investment (taking into account the fact that those losses may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio. The value of Ordinary Shares and the Warrants can go down as well as up, and investors may not realise the value of their initial investment.

Risks specific to investing in Ukraine

The Company's investments involve certain additional risks not typically associated with investments in developed and even other developing market economies. Whilst the Investment Manager intends to manage the Company's assets in a manner that will limit the Company's exposure to such risks insofar as is practicable, there can be no assurance that such efforts will be successful.

Quality of financial reporting in Ukrainian companies.

The quality of financial reporting of Ukrainian companies is not at the same level as that of western European companies. Ukrainian companies do not use internationally accepted accounting standards, which may create a lack of transparency, for example in the valuation of the Company's assets.

Economic, political, judicial, administrative, taxation or other regulatory matters

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation, other regulatory factors, civil unrest or strikes as well as other unforeseen matters.

Political risk

Following the recent political elections in Ukraine and the subsequent allegations of electoral and other irregularities and further recent governmental changes, there may be a higher likelihood of unrest, strikes and other sanctions within Ukraine than would normally be the case.

Ukrainian securities markets

There are differences between western European and the Ukrainian securities markets, including the relative underdevelopment and illiquidity of the Ukrainian securities market, together with less government supervision and regulation in Ukraine. This may affect the ability of the Company to realise the value of its investments as and when required.

Uncertainty as to Ukrainian tax law

Ukraine currently has a number of laws related to taxes imposed by the government, which have not been in force for long periods of time as compared to more developed market economies, and, as a result, there is uncertainty as to their application. Differing opinions regarding their interpretation often exist among governmental bodies, including the tax authorities, creating uncertainties and areas of conflict.

Tax declarations and returns and customs and currency control matters are subject to review and investigation by Ukrainian authorities including the State Tax Administration and the National Bank of Ukraine, which have the power to impose significant fines and interest charges. It is possible that the different authorities may take different positions with regard to interpretative issues, leading to uncertainty.

There is a greater risk that the current interpretation of the law or understanding or practice may change and that the law itself may be changed.

Political and economic factors

Ukraine has only recently begun its transition to a market economy; as a result the local economy in Ukraine is generally weak. The political system of the country is slowly emerging from a long history of extensive government involvement in economic affairs.

Legal and regulatory environment

Laws and regulations, particularly those involving taxation, currency regulation, foreign investment and trade, and transfer of title to and custody over securities and other property, are relatively new and may be subject to varying interpretation and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Company. There is still lacking an extensive body of law and precedents normally encountered in western business environments and very few precedents or tested procedures apply to the type of transactions and activities contemplated by the Company. In particular, the Ukrainian legal framework governing securities transactions is undeveloped and incomplete and provides guidance only with respect to the most basic and unsophisticated of transactions.

Difficulties in protecting and enforcing rights

Judicial and civil procedures in Ukraine have not been modernised to a material extent. As a result, not only do local courts lack experience in commercial dispute resolution, but many of the procedural remedies for enforcement and protection of legal rights typically found in American/western European countries are not available as yet. There remains uncertainty as to the extent to which local entities, including governmental agencies, will recognise the contractual and other rights of the parties with which they deal. Accordingly, there may be difficulty and uncertainty in the Company's ability to protect and enforce its rights. There can be no assurance that this difficulty in protecting and enforcing rights in Ukraine will not have a material adverse effect on the Company and its operations.

Custody risk

Custody services in Ukraine remain undeveloped and although the Company will endeavour to put into place control mechanisms including the selection of agents to register securities on behalf of the Company, there is a transaction and custody risk of dealing in Ukrainian securities.

Lack of protection of minority shareholders

Ukrainian company law does not recognise any duties on the part of majority shareholders to minority shareholders, and the applicable standard of care owed by directors to companies is that of gross negligence. Accordingly, there can be no assurance that the Company's investments will not be prejudiced by the actions of majority shareholders or directors.

Environmental risks

The lack of effective environmental controls in Ukraine has led to widespread pollution. The extent of the responsibility, if any, for the costs of dealing with environmental hazards may not be determinable at the time that the Company is considering an investment. Substantial environmental liability of one or more businesses in which the Company invests could have a significant adverse effect on the operations of the Company.

Due diligence

There is no obligation on the part of registration and tax authorities to make official copies of records available to third parties. Accordingly, because certain information is unavailable, the extent of due diligence of prospective companies in which the Company may invest may be significantly limited as compared with the standards of due diligence in more developed markets. In addition, as a result of these factors, the Company may not be able to provide information to investors in as timely or complete a fashion as would otherwise be the case.

Currency and repatriation risk

The value of the Company's investments may be affected by fluctuations in the value of the hryvnia against the US dollar or by changes in local exchange control regulations, tax laws and economic or monetary policies.

Although Ukrainian legislation provides that foreign investors are authorised to carry out their investment activity in Ukraine on the same basis as Ukrainian domestic investors, the law requires that, in order to benefit from the safeguards offered by Ukrainian foreign investment legislation, the investment must be registered with the local registration authorities within three days after having been executed.

The Company will be subject to the risks in Ukraine of continued inflation and currency devaluation. Neither regional nor other currency markets currently provide any effective means of hedging the Company's exposure to changes in the value of the hryvnia, and there can be no assurance that markets will develop in the future that will provide the Company with that ability or that such markets will be used or be used effectively.

Lack of market economy

Businesses in Ukraine do not have any recent history of operating within a market-oriented economy. In general, relative to companies operating in more developed economies, enterprises in Ukraine are for the most part characterised by a reliance on state subsidies and a lack of (i) experienced management, (ii) modern technology, and (iii) a sufficient capital base with which to develop and expand their operations. It is unclear what effect the Ukrainian authorities' attempts to establish a more market-oriented economy will have on Ukrainian companies and thus on the investments and operations of the Company.

Legality of activities of investment companies and investment funds

The legal framework regulating the activities of investment funds and investment companies in Ukraine is still a relatively new area of law which may be subject to scrutiny in the future.

Possible business failures

Although the Company intends to diversify its investments, because of the limited number of investments which can be made, the insolvency or other business failure of any one or more of the Company's investment enterprises could have a material and adverse effect on the Company, its operations and its ability to achieve its objectives. Although Ukraine has enacted laws on the insolvency of enterprises, there is as yet no significant level of practical experience in the manner in which these laws will be implemented or interpreted.

Risks relating to the Company

Fluctuation in the market price of the Ordinary Shares and the Warrants

The realisable value of the Ordinary Shares may not fully reflect the Net Asset Value per Ordinary Share. The market price of the Ordinary Shares and the Warrants can fluctuate. Additionally, income derived from Ordinary Shares can fluctuate. The market price of the Ordinary Shares, as well as being affected by the Net Asset Value, may also be affected by prevailing interest rates, supply and demand for the Ordinary Shares, market conditions and general investor sentiment. As such, the market value of an Ordinary Share may vary considerably from the Net Asset Value per Ordinary Share. Due to the presence of such a discount or premium to Net Asset Value per Ordinary Share, and the difference between the mid-market Ordinary Share price and the price at which Ordinary Shares can be sold, the realisable value of the Ordinary Shares may not fully reflect the Net Asset Value per Ordinary Share.

The accounts of the Company and any dividend payments will be denominated in US dollars

The Company will account for its assets and determine the value of the Ordinary Shares and of dividends thereon in US dollars. For investors whose functional currency is not the US dollar, fluctuations in the value of the US dollar may affect the value of their investment.

The Company's investments may be made and realised in currencies other than US dollars

The Company will account for its activities and report its results in US dollars while investments may be made and realised in other currencies. The Company's Net Asset Value will be reported in US dollars, dividends (if any) will be declared and paid in US dollars. In any instances where the Company does not hedge its currency exposure, the movement of exchange rates between US dollars and any other currencies in which the Company's investments are denominated may have a material effect on the return otherwise experienced on the investments made by the Company. The Company may seek to hedge currency risk if it is felt to be advantageous, but even if it does so, there is no assurance that this can be performed effectively. Currency hedging may force the Investment Manager to realise underlying investments as well as affecting the overall value of the portfolio and the Net Asset Value per Share.

There is no guarantee that the Company will achieve its investment objective

The Company's investment objective will be to achieve long-term capital growth from a diversified portfolio of companies incorporated, headquartered or domiciled, or whose businesses are carried on, in Ukraine (including the non-Ukrainian holding companies of such companies). Investments may be made in private equity, listed shares and money market investments. Meeting that objective is a target but there is no assurance the Company will meet its investment objective in relation to the Company's portfolio in general or in relation to any part of it. In particular, there is no assurance that the Company will find suitable, or sufficient, securities to invest in such that the Company would be fully invested within a reasonable time following Admission.

Alteration to the Company's ability to pay dividends

If under English law there were to be a change to the basis on which dividends could be paid by English companies, this could have a negative effect on the Company's ability to pay dividends.

Changes in accounting standards

The Company will prepare its financial statements in accordance with IFRS. Currently, the main anticipated areas of change between IFRS and existing investment trust accounting practice concern portfolio valuation methods, the presentation of information, and disclosure, classification and documentation requirements in relation to financial instruments. There are, however, significant uncertainties over precisely how IFRS will affect investment trusts. These uncertainties may impact, for example, upon the way in which the Company values its investments and presents its financial information. In light of these uncertainties, potential investors should be aware that IFRS may materially and adversely affect the Company's capacity to pay dividends to Shareholders in the future.

Change in tax reliefs for individuals and the Company

The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. The types and levels of relief from taxation available to the Company or any particular Shareholder or Warranholder may change, which could have an adverse effect on the Company's net income and therefore its ability to pay dividends, or on the amount of tax payable by a Shareholder or Warranholder in respect of its dividends or any gain on the sale of its Ordinary Shares or Warrants.

English legal, tax or regulatory changes could occur during the life of the Company and these changes may adversely affect the Company, Shareholders and/or Warranholders. Prospective investors are advised to consult their tax advisers with respect to their own tax situation prior to investing in the Company.

Qualification as an investment trust

Failure by the Company to satisfy the requirements of Section 842, or a change in taxation legislation, could affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to such Shareholders. Statements in this document concerning taxation are based on current taxation

law and what is understood to be current practice, both of which are subject to change, possibly with retrospective effect.

General risks

The Company has limited operating history

The Company is a newly established limited liability English-incorporated closed-end investment trust company. The Company is a newly formed entity with no investment history. The past performance of portfolios managed by the Investment Manager and the Investment Adviser or any of their associated entities is not, and should not be relied upon as, a guide to the future performance of the Company.

The Investment Manager and the Investment Adviser may change; the Investment Adviser is not yet authorised

The Investment Manager has the right to resign under the Investment Management Agreement by giving not less than 12 months' written notice to expire no earlier than the second anniversary of Admission. The Investment Adviser has the right to resign under the Investment Advisory Agreement by giving not less than six months' written notice to expire no earlier than the second anniversary of Admission. The Investment Manager may terminate the Investment Advisory Agreement without the consent of the Company. Such resignation(s) or termination could have an adverse effect on the Company's performance and prospects, although the notice period in the agreement seeks to protect the Company from such a risk. The Investment Adviser does not yet have the appropriate regulatory approvals to provide investment advisory services to the Investment Manager. Such approvals are in the process of being sought but there can be no assurance that such approvals will be obtained. It may not be possible to find a suitable replacement for the Investment Adviser.

There is only a limited number of capable investment advisers with experience of investing in Ukraine. Therefore, the Company's ability to meet its investment objective is substantially dependent on the services of a number of key personnel of the Investment Manager and the Investment Adviser. The loss of such key personnel could have an adverse effect on the Company's performance and prospects.

A performance fee is payable to the Investment Manager based on the Company's Net Asset Value

A performance fee is payable to the Investment Manager calculated by reference to the increase in the Net Asset Value of the Company (including current period revenue) (before deduction of accruals in respect of performance fees in respect of such performance period) net of any issues and repurchases of Shares and after adding back any dividends paid over the course of a "performance period".

Any such increase in Net Asset Value may not be realised and in such circumstances the Investment Manager will be under no obligation to repay any performance fee earned.

There is no prior trading market for the Ordinary Shares or the Warrants

Prior to the Placing, there has been no public market for the Ordinary Shares or the Warrants. An active public market for the Ordinary Shares or the Warrants may not develop or be sustained after the Placing and this factor together with the size of the Issue may contribute to infrequent trading of the Ordinary Shares and the Warrants on the London Stock Exchange and volatile price movements. Investors should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in Ordinary Shares or the Warrants, or that any realisation will be on a basis which reflects the Net Asset Value per Ordinary Share.

Changes in economic conditions

Changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially affect the value, adversely or positively, of investments made by the Company and, therefore, the Company's performance and prospects, in addition to the value of the Ordinary Shares and the Warrants.

The Company's investments are subject to normal market fluctuations

The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of equity securities and related instruments, and there can be no

assurance that appreciation in the value of those investments will occur. There can be no guarantee that the value of the Company's investments would be realisable in the event of a sale.

Nature of the Company's investments

A majority of the investments made by the Company may be in the securities of small and medium-sized companies. Such securities may involve a higher degree of risk than would be the case for the securities of larger companies. As the Company will be a minority investor in the entities in which it invests its ability to promote and to protect its interests will be limited.

The Company will invest in securities that are not listed or admitted to trading upon any recognised stock exchange, and as a consequence such securities may not be readily tradeable. Such investments may be: illiquid and difficult to realise; more volatile than the securities of larger, longer-established businesses; and may not, for the purposes of the calculation of the Net Asset Value, be valued more than once every six months.

The majority of the Company's investments will be issued by a concentrated number of issuers

Once fully invested, the Company expects that the majority of the value of its portfolio of investments will be represented by securities issued by no more than 50 issuers. Accordingly, investors should be aware that the portfolio may be highly concentrated.

As the Company will seek to provide attractive long-term absolute returns, rather than returns relative to a particular index or benchmark, its portfolio will be managed without reference to the composition of any stock market index. Therefore, it is likely that there will be periods when the Company's performance will be quite unlike that of any index (which may or may not be to the advantage of the Shareholders). The Company's Ordinary Shares and Warrants are an unsuitable investment for those who seek investments in some way correlated to a stock market index.

The Company does not intend to place any particular emphasis on income in the choice of its investments which will be made on the basis of the potential to generate a long-term total return. The income of the Company may therefore fluctuate and there may be financial periods when no dividends will be paid.

Debt securities will be affected by general changes in interest rates

Any debt instruments that may be held by the Company will be affected by general changes in interest rates that will in turn result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise and, when interest rates rise, the value of those investments may decline. There can be no assurance as to the levels of default and/or recovery that may be experienced with regard to the Company's debt security investments.

The Company's operational costs will be charged to revenue

The Company's accounting policy is to charge its operational costs to revenue, with the exception of any performance fee which will be allocated between capital and revenue on a basis to be determined by the board of Directors. In the event of the Company making a revenue loss or becoming liable to a performance fee, it may need to liquidate some of its investments to pay operational costs or the performance fee or both. Formation costs will be charged wholly to capital.

Conflicts of interest

For details of potential conflicts of interest, please see the section headed "Conflicts of Interest" in Part III.

The Ordinary Shares and the Warrants are only an appropriate investment for potential investors who understand that they may lose their entire investment.

EXPECTED TIMETABLE

2005

| | |
|--|----------------------------|
| Latest time for placing commitments | 5.00 p.m. on 14 October |
| Payment from Placees requesting certificates required for value by | 2.00 p.m. on 17 October |
| Dealings to commence in Ordinary Shares and Warrants | 19 October |
| CREST accounts credited against payment | 19 October |
| Share certificates and Warrant certificates to be despatched | week commencing 24 October |

* the dates and times specified above are subject to change. All references to times in this Prospectus are to London times unless otherwise stated.

PLACING STATISTICS*

| | |
|--|-------------------|
| Placing Price per Ordinary Share | US\$10 |
| Estimated Initial Net Asset Value per Ordinary Share | US\$9.65 |
| Number of Ordinary Shares being issued | up to 7,500,000** |
| Number of Warrants being issued | up to 1,500,000 |
| Estimated net proceeds of the Placing | US\$72.4 million |

*on the basis that the maximum of 7,500,000 Ordinary Shares is issued pursuant to the Placing

**the Placing is conditional on placing commitments being received in respect of not less than 2,500,000 Ordinary Shares

PART I — INTRODUCTION

The Ukraine Opportunity Trust PLC is a newly-established limited liability closed-end investment company incorporated in England and Wales, the investments of which will be managed by Fabien Pictet & Partners Limited and which will seek approval as an investment trust. The Company's share capital will consist of Ordinary Shares and Warrants.

Investment Objective

The Company's investment objective will be to achieve long-term capital growth primarily from a diversified portfolio of companies incorporated, headquartered or domiciled in, or whose businesses are primarily carried on in, Ukraine (including the non-Ukrainian holding companies of any such companies). Investments may be made in private equity, listed shares and money market investments.

Why invest in Ukraine

Despite the weaknesses in the Ukrainian economy, the Directors consider investment in Ukraine to be attractive because of:

- year-on-year economic growth from 5.2 per cent. to 12.1 per cent. after years of stagnation;
- an improving legal and business environment;
- a skilled, educated and inexpensive work force;
- a growing base of maturing private companies managed by a new generation of more experienced entrepreneurs;
- increasing use of private equity to fund growth;
- fragmented consumer goods industry sectors, creating opportunities for consolidation; and
- the arrival of American/western European and Russian strategic investors which is expected by the Directors to accelerate in the next two to four years.

The Directors expect these factors to create attractive investment opportunities.

Investment Policy

Initially, the Investment Manager will focus predominantly on investing in a portfolio of up to 15 unquoted companies. It is expected that those investments will be realised either through a trade sale or a listing on a relevant exchange and it is anticipated that the holding period for an unquoted investment should be five to seven years on average.

Thereafter, and if the listed securities market develops over time, the Investment Manager's investment approach will be to move towards a portfolio of listed investments. The Directors anticipate that in the long-term liquid, blue chip stocks will account for about half of the portfolio. The rest will be invested in smaller stocks in growth sectors, or in leading companies in early stage markets. The investment approach will be bottom-up, founded largely on sector-based company analysis. The Investment Manager will procure extensive research based on reliable local sources, including the Investment Adviser. Regular company visits will be made in order to understand the management objectives and to seek to establish the quality of the assets. In Ukraine factors such as corporate governance, management, economic instability and institutional reform need to be given greater prominence in reaching an investment decision and give rise to greater risks.

The Company may invest in companies incorporated, resident or domiciled outside Ukraine that directly or indirectly invest in, or that have a substantial link with, Ukraine and may invest up to 15 per cent. of the portfolio in companies incorporated, headquartered or domiciled in or whose businesses are primarily carried on in, other eastern European countries.

Specific industry sectors to be targeted include consumer products, media and entertainment, construction materials, pharmaceutical, logistics and distribution and export-oriented manufacturing.

Although the Company (together with the Investment Adviser — for further details on co-investment policy see "Conflicts of Interest" in Part III) will assume the position of lead investor, the Company will not seek to take legal or management control of any of the entities in which it invests.

In order to comply with the requirements for approval as an investment trust, the Company will invest no more than 15 per cent. by value of its investments (at the time of the investment) in any one company.

In selecting investments on behalf of the Company, the Investment Manager will seek investment opportunities which demonstrate:

- qualified management;
- significant return potential;
- an investment structure that supports the development of the company and its return potential;
- an ability and opportunity to add value to the growth of the business; and
- a clear path to liquidity within a time frame appropriate for the Company.

The Company will generally be the lead investor and, in cases where it co-invests with the Investment Adviser, the Investment Adviser will actively take part in the management of portfolio companies through representation on the board of directors of the portfolio company. Through one or more seats on the board of directors, the Investment Adviser expects to influence strategic and operational issues that may include developing management teams, strengthening financial systems and controls and helping to ensure proper corporate accountability and governance.

Investments will primarily be made in new ordinary shares carrying voting rights. However, investments may also include specially structured equity instruments such as preferred convertible shares and loans with warrants, to create ongoing revenue from investments in the form of interest and dividends.

It is the Directors' intention that the Company will co-invest in certain investment opportunities with Euroventures II, a fund managed by the Investment Adviser. The basis of the co-investment is to be *pro rata* to the net asset value as between the Company and the aggregate commitments of Euroventures II, subject to the views of the Investment Manager and the Company's Investment Committee.

Investment Restrictions

In accordance, *inter alia*, with the requirements of the UK Listing Authority, the following investment restrictions will be observed:

- save in respect of cash deposits awaiting investment, no more than 15 per cent. of the gross assets of the Company (before deducting borrowed money) will be lent to or invested in any one company or group (including loans to or shares in the Company's own subsidiaries) at the time the investment or loan is made. For this purpose any existing holding in the company or group concerned will be aggregated with the proposed investment;
- not more than 10 per cent., in aggregate, of the value of the gross assets of the Company (before deducting borrowed money) will be invested in other investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other investment companies (including investment trusts) listed on the London Stock Exchange;
- not more than 15 per cent., in aggregate, of the value of the gross assets of the Company (before deducting borrowed money) will be invested in other investment companies (including investment trusts) listed on the London Stock Exchange; and
- the Company will not take legal or management control over investments in its portfolio.

In accordance with the requirements of the UK Listing Authority, any material changes in the principal investment policies and restrictions (as set out above) of the Company will only be made with the approval of Shareholders by ordinary resolution.

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a regulatory information service approved by the FSA.

PART II — UKRAINE

Background

Ukraine has a total land area of approximately 600,000 square kilometres and a population estimated as at end-2002 of approximately 48 million. The size of its economy (\$67 billion in 2004 measured by gross domestic product (GDP) in US dollars at market exchange rates) is around three-quarters the size of Hungary's economy in US dollar terms, despite the fact that Ukraine's population is five times larger. GDP per head at purchasing power parity in 2004 was estimated at around US\$5,900, or around half that in neighbouring Poland and still well below that of Russia. Ukraine's low level of GDP per head is partly mitigated by the existence of an unofficial economy that could be up to 50 per cent. as large as the official one.

Politics

Until the collapse of the Soviet Union in 1991 Ukraine had never existed as an independent state, but instead was a frontier region split between neighbouring powers. Between the two world wars the territory of present-day Ukraine was split between the Soviet Union in the east and Poland, Romania and Czechoslovakia in the west. Ukraine attained its present-day borders with the takeover by the Soviet Union of western Ukraine in 1945 and the transfer of Crimea to the republic in 1954.

The July 1994 presidential election was won by Leonid Kuchma. Voting patterns were split sharply between east and west, reflecting divisions dating back to Ukraine's pre-communist past, as well as ethnic Russian migration into eastern Ukraine during the Soviet period. Mr Kuchma's support was relatively weak in nationalist western Ukraine which regarded him as pro-Russian but he had strong support in Russified eastern Ukraine.

In the presidential elections of 2004, Viktor Yushchenko defeated Mr Yanukovich, who was backed by outgoing president Mr Kuchma, in a re-run in December, promising sweeping political and economic liberalisation, and movement in the direction of European democratic norms. Mr Yushchenko's victory, which came after hundreds of thousands of Ukrainians demonstrated publicly against his opponent's alleged attempts to steal the election, dealt a serious blow to the Kuchma-era elites. They lost their control of the presidential administration, the cabinet and parliament. In early February 2005 Mr Yushchenko's opposition ally and an outspoken critic of the previous regime, Yuliya Tymoshenko, won parliament's approval to serve as prime minister.

The office of the presidency amassed considerable power during the Kuchma era, but this is set to change as a result of constitutional amendments approved in December 2004 (which will come into effect by early 2006 at the latest). The overall impact of the constitutional changes will be to shift significant powers from the presidency to parliament, and to increase the importance of the cabinet of ministers.

On 8 September 2005 Ukraine's President Viktor Yushchenko dismissed the entire cabinet, including Prime Minister Yuliya Tymoshenko, the head of the National Security Council Petro Poroshenko and some of the key figures in the ruling administration. The main rationale for this move was expressed to be political infighting over corruption.

On 22 September 2005, at his second attempt, Yuriy Yekhanurov was voted in as Prime Minister, by the Verkhovna Rada. He received 289 votes, 63 more than were required. The result meant the end of two weeks of uncertainty and controversy that had surrounded the government. Nearly all the party factions voted in favour of the President's candidate, including every member of the Party of Regions, led by former presidential rival Viktor Yanukovich. The only parties who voted against or abstained from voting were the Tymoshenko block (the majority abstained), the United Ukraine Party and the Communists (all voted against). Yekhanurov has said he intends to improve ties with Russia and change up to two-thirds of the cabinet members.

The Economy

Ukraine's main challenge since the end of the Soviet era has been to diversify away from many of the industries — steel, chemicals, shipbuilding, coal, machine-tools and weaponry — that relied heavily on government subsidies and became even less viable after traditional export markets collapsed. However, restructuring in the country has been delayed by vested bureaucratic and economic interests eager to preserve elements of the centrally planned system, and by the lack of consensus among political and business leaders over the desirability of market reforms.

As a result, Ukraine's success in diversifying away from traditional sectors has been gradual at best. Since 2000 the recovery from the regional financial turmoil and economic downturn of the late 1990s, for example, relied predominantly on a boost in output from sectors such as metals and chemicals, which benefited from strong demand in Russia and Asia. Although sectors with the least government interference (such as food-processing) have recorded strong growth, the weight of these industries in the economy is still less important than the more traditional sectors.

Privatisation and foreign investment have proceeded more slowly in Ukraine than in former communist countries in central Europe, such as Poland and Hungary. This has slowed economic restructuring, and ensured a far higher degree of over-regulation and state interference than in the more advanced transition economies in the region. A regulatory apparatus designed to protect existing enterprises from domestic competition and from foreign ownership and tax reform remains in place. Punitive high taxes, organised crime and the government's inability to ensure the rule of law have imposed further costs on business. Studies by the IMF and the World Bank indicate far higher levels of corruption in Ukraine than in almost any other country in the region.

Recent Economic Performance

Despite the unfavourable comparisons with other Eastern European countries, Ukraine's economy has expanded very robustly in recent years, with cumulative real growth reaching almost 50 per cent. between 2000 and 2004. The economy's expansion was initially sparked by the positive stimulus of significant real currency devaluation — a consequence of the hryvnya's collapse in the late 1990s — and a generally buoyant external environment. It was also a function of the very low base created by the 1991 break-up of the Soviet Union, which had sparked a severe economic collapse among former Soviet republics. Two-thirds of these republics experienced a real drop in output of at least 50 per cent. compared with 1990. Ukraine's decline was the steepest of all the transition economies not affected by war. Three main factors are responsible for the unexpectedly strong recovery that began in Ukraine in 2000. First, in early 2000 the new cabinet led by Viktor Yushchenko when he was Prime Minister began to insist on cash payments for budgetary obligations and energy purchases. This proved instrumental in remonetising the economy and increasing disposable income, as it helped to unwind the pervasive barter schemes and payment arrears that distorted the economy. Second, the 40 per cent. real currency depreciation seen in 1998-99 sparked widespread import substitution and boosted the international competitiveness of otherwise uncompetitive industrial sectors. Third, the export sector began to benefit from strong import demand in leading markets such as Russia, which helped to provide the currency stability needed to raise consumer and investor confidence.

Despite the improvements recorded over the past five years, Ukraine still faces considerable barriers to sustainable high-level growth. Progress in crucial structural reforms remains slow, and many sectors of the economy, such as energy, are in poor shape. Reforms are particularly needed in over-regulated sectors such as transport, education, healthcare and communal services, which continue to stagnate. Without these reforms, Ukraine's ageing infrastructure, including the investment-starved electricity grid, ports and railroads, will continue to act as a brake on growth. Even then, the Economist Intelligence Unit considers that prospects for significant investment remain poor, with foreign direct investment (FDI) inflows expected by it to be among the lowest in the region, particularly with regard to non-privatisation-related inflows. Ukraine's business environment is considered by the Economist Intelligence Unit to remain unattractive to foreign investors, and to entrepreneurs in general. Although recent governments have ensured incremental improvements, the Economist Intelligence Unit considers that further substantial progress is required in terms of passing additional reforms and effecting deeper judicial reform.

However, recent governments have ensured incremental improvements. Since 2001 the National Bank of Ukraine's relatively sound monetary policies have ensured single-digit annual inflation rates, helped also by nominal currency stability, sound fiscal policy and increased productivity. The average wage is nevertheless still extremely low by regional standards, at only around US\$141 per month at April 2005.

Major Industry Sectors and Business Environment

Agriculture

Ukraine's agricultural production declined by more than one-half following independence and the agricultural sector now accounts for less than 15 per cent. of GDP, down from more than 20 per cent. of total GDP in the early 1990s. A recovery began in 2000 reflecting a number of important policy changes, including the long-awaited reform of the sector's Soviet-era organisation. The

dismantling of collectivised agricultural enterprises (CAEs), which was stipulated by presidential decree in December 1999, represented by far the most important of these reforms. By mid-2001 almost all of the approximately 11,000 CAEs had been restructured into new forms of enterprises.

A poor harvest in 2003 was followed by a 2004 harvest which proved better than originally expected. This is likely to translate into an 11m-12m tonne surplus on the domestic market during the 2004/05 marketing year, resulting in significant grain exports.

Mining

Extractive industries have grown moderately, but steadily, since 2001. Ukraine is the world's fifth-largest producer of iron ore, exporting around 15 per cent. of its total output, nearly all of it to countries outside of the Commonwealth of Independent States (CIS). Ukraine also possesses the world's second-largest reserves of magnesium.

Ukraine possesses several underexploited oil and gas fields, which produced 4.2m tonnes of oil (including gas condensate) and 19bn cu metres of gas in 2004, out of total reserves estimated by the State Geology Committee at 1.3bn tonnes of oil and 6.4trn cu metres of natural gas. These production volumes tend to satisfy only about one-tenth of total domestic needs in both oil and gas, leaving the rest to be met through imports. Although the size of the deposits has attracted the interest of international companies, investors have been put off by the lack of a stable regulatory regime for the sector.

Manufacturing

The manufacturing sector accounts for over 75 per cent. of total industrial production and has been the driving force behind Ukraine's sustained economic growth over the past five years. Average annual growth in manufacturing sector output averaged well above 15 per cent. in 2000-04. Although the basis for the manufacturing sector's recovery has broadened in recent years, metals producers still play a crucial role. In 2003-04 they returned to strong double-digit growth, having recovered from a sharp production slump in the first months 2002 (the result of weak world prices and proliferating trade restrictions). The sector's recovery reflected improved prices and the successful re-orientation of exports to newer markets in the Middle East and Asia. However, with about 75-80 per cent. of Ukraine's metal production still oriented towards foreign rather than domestic consumers, the sector's vulnerability remains an issue. So too does the growing domestic shortage of scrap metals and coke, two key inputs in steel production. Controversial government measures, including a duty on scrap exports, have failed to dissuade Ukrainian scrap exporters from taking advantage of the higher prices available elsewhere.

Construction

The total volume of new housing built in Ukraine rose by over one-third year on year in both 2002 and 2003, and by only slightly less in 2004 according to preliminary data. Relatively recently, the boom in construction, driven by higher incomes among a broader segment of the population, has spread beyond the capital Kiev and into the regions. Nevertheless regional differences remain considerable, and the primary housing market remains far more dynamic in the Kiev, Dnipropetrovsk, Donetsk and Kharkiv regions than elsewhere in the country. The expansion in housing construction is being driven by rapidly rising demand, the result of higher incomes and growing access to consumer and mortgage lending.

Although Ukrainian banks have expanded this part of their business considerably in the past three years, the ratio of mortgage credits to GDP is still less than 1 per cent., compared with 40-60 per cent. in more developed economies.

Securities Markets and Privatisation

Ukraine's securities market has played a marginal role throughout most of the post-independence period. Set up originally to facilitate post-privatisation enterprise restructuring in the 1990s, the securities market is still dominated by buyers of enterprises rather than stock. These consist almost exclusively of large Russian and Ukrainian companies. Despite an abundance of market participants and trading, the investment instruments available are scarce and largely inefficient, owing to insufficient liquidity. As a result, secondary trading remains sporadic and involves only limited volumes, which results in wide bid-offer spreads.

The vast majority of all Ukrainian securities-related deals (90-95 per cent.) continues to be made and settled outside of organised trading floors. The Securities and Stock Market State Commission (SSMSC), a governmental agency regulating the industry, has tried for years without success to secure legislation to oblige securities trading to take place through exchanges and official trading floors. Share dilution, information disclosure and a general disregard of minority investor rights remain a significant problem. A law on joint-stock companies — which is key to improving corporate governance — remains stalled in parliament, forcing the SSMSC to propose a temporary solution centred on companies voluntarily adopting a code on corporate governance.

The securities market has nevertheless still experienced rapid growth in recent years. The majority of the more liquid stocks available have risen sharply in value, and Ukraine's stock markets outperformed all others worldwide in 2004. The main market index, the PFTS, rose from 85 to almost 270 points over the course of the year, and continued rising sharply in early 2005 because of confidence over the election of a new reform-minded administration. However, the Ukrainian securities market remains underdeveloped, even compared with markets in eastern and central Europe. Although it more than doubled year on year in 2004, the total volume of trades at the country's main trading floor, the NASDAQ-style over-the-counter (OTC) PFTS system, was still extremely low by regional standards at only around HRN7 billion (approximately US\$1.4 billion).

Prospects for the development of a more efficient and viable securities market have improved with the enactment in 2004 of new pension legislation, including the law on mandatory state pension insurance and the law on non-state pension insurance. Together with the framework law on mutual funds approved in 2001, these laws pave the way for more developed investment institutions to emerge, including non-state pension funds, which appeared on paper for the first time in mid-2004. More than two dozen non-state pension funds had received their licences by late 2004. However, further development continues to be held back by slow progress in developing the regulatory infrastructure that pension and mutual funds require to operate effectively.

Even with the improved reform performance seen since early 2000, foreign investor interest in Ukraine remains low compared with other countries in the region. The situation has been exacerbated by several joint-venture disasters and continued non-transparent privatisations, including a succession of scandals involving the takeover of debt-ridden state-owned companies in advance of their official privatisation.

The Ukrainian Private Equity Market

According to the Ukrainian State Statistics Committee there are approximately 300,000 companies operating in Ukraine, of which between 8,000 and 9,000 fall into the medium size category, with annual revenues of between US\$5 million and US\$100 million. Private equity activity in Ukraine has been limited by comparison with other central European countries, and valuations and deal sizes are relatively low, but, in the view of the Investment Adviser, sustained GDP growth and a fragmented consumer goods sector are creating more opportunities.

Funds invested or available for investment in Ukraine are estimated by the Investment Adviser to be between US\$550 million and US\$650 million. Approximately half of this figure comes from a range of banks and other financial institutions that make occasional investments. There is a small number of private equity houses that have allocations for Ukraine, but which are managed from other countries. There are just three significant firms with dedicated teams based in Ukraine, of which the two largest are WNISEF, which is sponsored by the US government, and the Investment Adviser, set up with support from the European Bank for Reconstruction and Development and the Dutch government.

The Investment Adviser has raised two funds for private equity investment in Ukraine. The Investment Adviser expects returns from its first fund to come mostly from trade sales. An increasing number of major western companies are now making strategic investments in Ukraine following the example of Nestle, Weidmann Electrical Technology, Coca-Cola, Tetra-Pak, Kraft Jacobs Suchard, SunInterbrew, Cargill, SC Johnson, Dahmen Shipyards, Mannesmann and others.

PART III — DETAILS OF THE COMPANY

Directors

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities. The Directors, all of whom are non-executive, are as follows:

Anthony Townsend (chairman) (Dual British/Canadian) aged 57. Mr Townsend is chairman of British and American Investment Trust Plc and iimia Investment Trust plc and a non-executive director of Brit Insurance Holdings PLC and a number of other investment trust companies. Mr Townsend has over 35 years' experience in the City as a director, both as a non-executive director and also, from 1988 to 1999, as an executive director of Rea Brothers Group plc. He is also a member of the board of Lloyd's Charities Trust and the deputy chairman (and chairman elect) of the governors of Cranleigh School, as well as being involved with other charitable bodies. Mr Townsend has a Master of Arts degree in Mechanical Sciences from Cambridge University.

Bruno Derungs (Swiss), aged 41. Mr Derungs is the founder and managing director of Zaico GmbH, a provider of financial and strategic advisory services. He has also been a non-executive and executive director of various other companies as a representative of SAM Sustainable Asset Management AG, where he was principal fund manager from 2002 to 2005. Mr Derungs also has experience as a director of an investment company, serving as managing director of A&A Venture Limited, a Jersey-based investment company from 2001 to 2002. Mr Derungs has a Master of Science in Electrical Engineering from the Swiss Federal Institute of Technology and a Master of Business Administration from Columbia Business School.

Yves Kuhn (Luxembourger), aged 40. Mr Kuhn is a director and chief investment officer of the Investment Manager. He was previously a senior investment manager of Pictet Asset Management Limited where he worked between 1994 and 1998. He determined the emerging European investment strategy for the Pictet Group worldwide. He combined managing specialist portfolios with driving the development of Pictet's emerging European institutional business. He started this business in 1994 with his work on the launch of the First Russian Frontiers Trust Plc (now called The Eastern European Trust PLC) listed on the London Stock Exchange and led Pictet's Emerging European Markets business to over US\$500 million in 1997. He spent three years in industry and as a management consultant concerned principally with change of management of major utility and consumer goods companies. Mr Kuhn has a Master of Science in Electrical Engineering from the Swiss Federal Institute of Technology and a Master of Business Administration from RSM, Erasmus University.

Garth Milne (British), aged 62. Mr Milne was formerly the head of the investment funds division at UBS Warburg, having originally set up the team at Laing and Cruickshank. Mr Milne has been involved in investment funds in the City of London for over 30 years and is a director of several investment companies, including Utilico Emerging Market Utilities Limited, Murray Extra Return Investment Trust PLC, Invesco Perpetual UK Smaller Companies Investment Trust PLC and Henderson Far East Income Trust plc.

Alexander Perepilichny (Russian), aged 37, Mr Perepilichny is involved in the Russian private equity market, including through his role as sole shareholder and director of Aliondo Investments Limited, a Cypriot holding company specialising in private equity investments in the Russian and Ukrainian food industries. He is also director of various other investment companies, investing in real estate and food production and distribution in Russia and Ukraine. Mr Perepilichny holds a Bachelor of Arts in physics and chemistry from the Moscow Physics Technical Institute.

All the Directors other than Mr Kuhn are independent of the Investment Manager and the Investment Adviser.

Board Structure

The board of Directors has established a Management Engagement Committee, a Nomination Committee, an Audit Committee and an Investment Committee. Each of these committees (other than the Investment Committee) will be composed of all of the members of the board other than Mr Kuhn. The Management Engagement Committee and the Nomination Committee will be chaired by Mr Townsend, and the Audit Committee will be chaired by Mr Derungs.

Management of the Company

The Company has entered into an investment management agreement with the Investment Manager, under which the Investment Manager is responsible for the management of the Company's assets, subject to the overall supervision of the Directors. The Investment Manager will have discretionary authority to invest and divest in respect of all non-private equity investments and private equity investments as provided below.

The Company and the Investment Manager have entered into an investment advisory agreement, with the Investment Adviser under which the latter is responsible for providing investment advice on private equity investments and Ukraine generally.

The investment process for the Company's Ukrainian private equity investments will involve deal origination and due diligence carried out by the Investment Adviser. The Investment Adviser, in conjunction with the Investment Manager, will also be involved in determining the structure of the Company's investment. Once a final private equity proposal has been agreed by the Investment Manager, it will be presented to the Company's Investment Committee for review and, if thought fit, approval. At all stages of the investment process the Investment Adviser will consult with, and will be subject to the supervision of, the Investment Manager. The Investment Manager will have discretionary authority to invest and divest in respect of all non private equity investments. The Investment Manager remains subject to the ultimate supervision and control of the Directors at all times.

The Investment Manager will have discretion to make private equity investments and disposals involving less than 2.5 per cent. (subject to an aggregate maximum of 10 per cent.) of the Company's gross assets without prior reference to the Investment Committee.

The investment advisory obligations of the Investment Adviser under the Investment Advisory Agreement are conditional upon, and take effect from the date of, the Investment Adviser being authorised by the Cyprus Securities and Exchange Commission to provide the investment advisory services under such agreement. Pending such authorisation, the Investment Adviser is obliged to make available the services of Messrs Hawrylyshyn and Schekaturov as consultants to the Investment Manager (on a part time basis for no additional consideration). During this period, the Investment Manager will undertake the investment advisory obligations of the Investment Adviser. If such authorisation is not obtained by 1 February 2006 (or such later date as the Company and the Investment Manager may agree), the Investment Advisory Agreement shall lapse and be of no further effect.

The Investment Committee will consist of Yves Kuhn, or an alternate from the Investment Manager, and at least two of the independent Directors. The role of the Investment Committee will be to seek to ensure that:

- all investment decisions are consistent with the investment objectives and policy of the Company;
- all such decisions are otherwise consistent with best practice and the long term interests of the Company;
- potential conflicts have been addressed,

It will not seek to influence the Investment Manager, other than as may be consistent with the purposes outlined above, in its selection or implementation of investment decisions.

The Investment Manager

The Investment Manager was incorporated in England and Wales on 6 March 1998 by Fabien Pictet to offer specialist fund management services to sophisticated investors worldwide. The Investment Manager's directors are Christopher Edwards, Julian Jacobson, Yves Kuhn, Jonathan Neill, Fabien Pictet and Richard Yarlott.

The Investment Manager is regulated by the FSA in the conduct of its investment business in the United Kingdom. The Investment Manager will follow the FSA rules as to allocation.

Four of the directors of the Investment Manager (Messrs Kuhn, Neill, Pictet and Yarlott) previously worked together at Pictet & Cie where they managed and controlled in excess of US\$20 billion of institutional assets, including the Pictet Eastern European and the Pictet European Small Cap funds — both of which have consistently outperformed their benchmark, particularly on a risk-return

basis — and launched the first focussed Russian investment trust listed on the London Stock Exchange, First Russian Frontiers Trust (now called The Eastern European Trust PLC), in 1994.

The Investment Manager has been providing management services since December 1998 and has seven investment managers each with an average of more than 10 years' investment experience in both developed and emerging markets. This will be the Investment Manager's first investment trust client.

Assets under management as at 30 June 2005, including a number of external managed accounts, were in excess of US\$790 million, invested primarily in long and short equities and fixed income investments in emerging markets.

The Investment Adviser

The Company has entered into an investment advisory agreement with the Investment Manager and the Investment Adviser, pursuant to which the Investment Manager has appointed the Investment Adviser to provide investment advice in relation to the Ukrainian market and specific investment opportunities in Ukrainian private equity. The Investment Manager will be responsible for the fees of the Investment Adviser.

The Investment Adviser is a limited liability company incorporated in Cyprus in June 2005, which provides investment advisory services in Ukraine. The executive directors of the Investment Adviser are Valeriy Schekaturov, Leslie Hawrylyshyn, and Frits van der Have. The Investment Adviser operates out of its head office in Kiev. The directors of the Investment Adviser are assisted by Martijn Kleijwegt.

The directors of the Investment Adviser have been providing investment advisory and management services in Ukraine since 1999 through a predecessor to the Investment Adviser — Euroventures Cyprus Limited, a company licensed by the Central Bank of Cyprus to provide investment management services. Prior to joining Euroventures Cyprus in 1999, Messrs van der Have and Kleijwegt were joint managers of Euroventures Benelux with assets of Euro 90 million under management and Life Science Partners I and II, with assets with an aggregate value of Euro 170 million under management. Prior to joining the Investment Adviser, Mr Hawrylyshyn was the managing director of Euroventures Switzerland, with US\$80 million under management. Mr Schekaturov was a partner with one of the first private equity funds in the former Soviet Union. Messrs Schekaturov, Hawrylyshyn, van der Have and Kleijwegt have between them over 62 years experience of investing in private equity.

The Investment Adviser has raised two funds for private equity investment in Ukraine. The first, Euroventures I, raised €26.25 million in 1999. It has made ten investments with two full exits and one partial realisation and the current portfolio value at cost is US\$33.3 million (including approximately US\$5 million of uncommitted funds). After deduction of management fees and expenses, as at 31 March 2005 the net current internal rate of return (IRR) to investors on the basis of EVCA guidelines was 5.5 per cent. The Investment Adviser estimates that the projected IRR will be 28 per cent. This compares with Cambridge Associates' statistics for emerging market private equity and venture capital funds raised in 1999, showing median performance at minus 9.37 per cent. and upper quartile figures of 0.17 per cent. (net IRR percentage to investors).

The Investment Adviser's second fund, Euroventures II, had its first closing in August 2005, raising US\$33.3 million and has a target size of US\$50 to 75 million. As explained under the heading "Conflicts of Interest" below, this fund will invest alongside the Company *pro rata* to the respective sizes of their portfolios. The objective of these funds will be to provide early stage and expansion capital to, in the view of the Investment Adviser, the best companies and management teams in high growth industries and sectors with a strong orientation towards consumer markets. The Company will seek to invest in companies which demonstrate:

- qualified management;
- significant return potential;
- an investment structure that supports the development of the company and its return potential;
- an ability and opportunity to add value to the growth of the business; and
- a clear path to liquidity within a time frame appropriate for the Company.

The Investment Adviser does not yet have the appropriate regulatory approvals to provide investment advisory services to the Investment Manager. Such approvals are in the process of being sought but there can be no assurance that such approvals will be obtained. Until such approval is obtained the Investment Adviser will not be obliged to provide investment advisory services under the Investment Advisory Agreement, but Mr Schekaturov and Mr Hawrylyshyn will act as consultants to the Investment Manager. During this period, the Investment Manager will undertake the investment advisory obligations of the Investment Adviser. If such authorisation is not obtained by 1 February 2006 (or such later date as the Company and the Investment Manager may agree), the Investment Advisory Agreement shall lapse and be of no further effect.

Under the terms of the Investment Advisory Agreement either the Company or the Investment Manager may terminate the Investment Adviser's appointment at any time by giving six months' notice in writing. The Investment Manager may terminate the Investment Advisory Agreement without the consent of the Company, subject to consulting the Directors.

The Administrator

The Company has entered into an administration and secretarial agreement with the Administrator under which the Administrator will provide company secretarial and administrative services for the Company. The Administrator was established in 1986 and provides a similar range of services to a number of investment trusts, investment companies and open-ended funds. It is a subsidiary undertaking of iimia Investment Group plc.

Custodian

The Custodian is appointed by the Company and acts as custodian of the Company's investments cash and other assets. The Custodian is responsible for the safe custody of the property of the Company as regulated in the Custody Agreement. The Custodian is the third largest bank in Austria and one of the country's leading commercial and investment banks. The Custodian was established in 1927 and is headquartered in Vienna and provides a similar range of services to a number of investment trusts, investment companies and open-ended funds. Unquoted investments will generally be registered in the name of the Company and the Custodian will be responsible for holding certificates representing the same in safe custody.

Fees and Expenses

Management Fee

A management fee is payable to the Investment Manager at the annual rate of two per cent. of the Net Asset Value of the Company (before deduction of accruals in respect of the management fee for the current month and any performance fee) as at each month end, together with an amount equal to any VAT thereon. The management fee accrues daily and is payable monthly in arrear.

Performance Fee

A performance fee is payable by reference to the increase in the Net Asset Value of the Company (including current period revenue) (before deduction of accruals in respect of performance fees in respect of such performance period) net of any issues and repurchases of Shares and after adding back any dividends paid by the Company over the course of a "performance period". The first performance period begins on the date of Admission and ends on 31 December 2005, each subsequent performance period is a period of one year ending on 31 December in each year or the date of termination of the Investment Management Agreement.

The performance fee will be an amount equal to 20 per cent. of the increase, since the performance period in respect of which a performance fee was last earned (or the date of Admission if no performance fee has yet been earned), in the Net Asset Value of the Company (adjusted as described above) together with an amount equal to VAT thereon.

In certain circumstances following termination of the Investment Management Agreement, the Investment Manager will continue to receive payments by reference to the increase during each annual period ending 31 December in the value of private equity investments initiated by the Investment Manager prior to termination. These payments will amount to 15 per cent. of the increase in the value of such investments (including amounts received by the Company) over the highest of their cost price, their value at the date of termination and their value at the end of the last period as at which the Investment Manager received such a payment.

Further details of the investment management agreement are set out in paragraph 10.1 of Part VI.

Other Fees and Expenses

The Company will pay fees and expenses to (i) the Administrator pursuant to the Administration and Secretarial Agreement, (ii) the Custodian pursuant to the Custody Agreement, (iii) the Registrar pursuant to the Registrar Agreement, (iv) the Directors and (v) the Auditors, as well as listing fees, regulatory fees, legal fees and other expenses. Further details of the Administration Agreement, the Custody Agreement and the Registrar Agreement are set out in paragraphs 10.3 to 10.5 of Part VI.

Dividend Policy

As the Company's objective is to achieve long term capital growth, it is likely that a high proportion of the investments that it makes will be in relatively low yielding securities. In order to obtain approval as an investment trust, the Company may not retain more than 15 per cent. of the income that it derives from shares and securities. However, given the low yielding nature of many of its likely investments, it is anticipated that the Company will pay only a nominal annual dividend, if any. For the first few financial years of the Company, however, the Company is likely to pay a higher dividend as it is likely to have a greater proportion of its assets invested in money market investments and therefore to receive a greater amount of income (which is likely to be subject to taxation) than in later years.

Distributable income will be derived principally from investments. Surpluses arising from realisations of investments will not be distributed as dividends but will be taken to a non-distributable "capital" reserve, and dividends will not be paid unless they are covered by income received from underlying investments.

Borrowing Policy

The Company has the ability under the Articles to borrow up to a limit of 30 per cent. of its net assets although the Directors do not currently anticipate borrowing any funds for long-term investment. Examples of when the Directors may exercise the power to borrow include where necessary to make an investment where disposal proceeds from a realisation have not yet been received or where the Company wishes to purchase its own Shares.

Valuation Policy and Accounts

Unquoted investments held by the Company will be valued in accordance with International Private Equity and Venture Capital Valuation Guidelines on a six-monthly basis. In addition, in the event of particular circumstances affecting the value of any unquoted investments, those individual unquoted investments may be revalued at any time between regular six-monthly valuations.

All other investments will be valued on a marked to market basis.

The Net Asset Value per Share (excluding current period revenue) will be calculated by the Administrator, approved by the Investment Manager and announced on a monthly basis on a regulatory information service approved by the FSA, generally within five business days after the month-end.

The Directors do not envisage any circumstances in which valuations will be suspended.

The Company's annual report and accounts will be made up to 31 December in each year and it is expected that copies will be sent to shareholders by the end of the following March. Shareholders will also be provided with an unaudited interim report covering the six months to 30 June each year and it is expected that copies will be sent to shareholders by the end of the following August. The first report to shareholders will be the annual report in respect of the period from incorporation to 31 December 2006. The annual general meeting of the Company will be held in April of each year, although for technical reasons an annual general meeting is expected to be convened for early in 2007 but adjourned until April 2007.

The accounts of the Company will be drawn up in US dollars and prepared under the newly introduced IFRS. Potential investors are referred to the heading "Changes in accounting standards" in the section entitled "Special Considerations and Risk Factors". As a consequence of certain uncertainties over the application in practice of IFRS to investment trusts, the Company may change its accounting policies if it is considered necessary to do so by the Directors.

Capital Structure

On completion of the Placing, the Company will have a capital structure consisting of Ordinary Shares and Warrants.

The Ordinary Shares will rank in full for all dividends and other distributions declared by the Company. Shareholders are entitled to attend and vote at general meetings of the Company.

Each Warrant will entitle its holder to subscribe US\$10 (subject to adjustment in certain circumstances) for one Ordinary Share in any of the years 2007 to 2012 inclusive. The Warrants will be allocated to initial placees of the Ordinary Shares in the ratio of one Warrant for every five Ordinary Shares.

The terms and conditions of the Warrants are set out in Part V.

The Company intends to reduce its share premium account immediately following the Placing in order to provide a distributable reserve out of which to repurchase its Ordinary Shares if and when it is considered beneficial to do so by the Directors. The reduction of the Company's share premium account will be subject to Court approval, which will be applied for after completion of the Placing.

Purchases of Shares by the Company

If the Directors, in their absolute discretion, consider it to be in the best interests of the Company to do so, the Company may purchase its own Shares or Warrants, subject to any applicable insider dealing rules, listing rules and other applicable legislation.

So as to allow for this, the Company proposes (subject to Court approval) to cancel its share premium account, thereby creating a special reserve which may be treated as distributable profits for all purposes, including making purchases of Ordinary Shares.

A special resolution, expressed to take effect on Admission, has been passed granting the Company authority to make market purchases of up to 14.99 per cent. of its own issued Ordinary Shares following the conclusion of the Issue. A renewal of the authority will be sought from Shareholders at each annual general meeting of the Company. No purchases of Ordinary Shares can be made by the Company until the cancellation of the share premium account has been approved by the Court. The timing of any purchases will be decided by the Board. Any purchase of Ordinary Shares would be made only out of the available cash resources of the Company.

Treasury Shares

Since 1 December 2003, investment trusts have been able to hold Ordinary Shares acquired by way of market purchase "in treasury" i.e. the Ordinary Shares remain in issue owned by the Company rather than being cancelled. Up to 10 per cent. of each class of shares may be held in this way. Such Ordinary Shares may be subsequently cancelled or sold for cash.

Accordingly, up to 10 per cent. of Ordinary Shares bought by the Company in the market (as described above) may be held in treasury. This would give the Company the ability to sell treasury Shares quickly and cost efficiently, and would provide the Company with additional flexibility in the management of its capital base. Shares held in treasury may be resold by the Company at a discount to Net Asset Value per Ordinary Share no wider than the discount at which they were repurchased.

Issues of new Ordinary Shares

A special resolution has been passed authorising the issue of further Ordinary Shares following the Issue. Shareholders' pre-emption rights over any unissued share capital have been disapplied so that the Directors are authorised to allot up to an maximum amount equal to 15 per cent. of the maximum issued ordinary share capital following completion of the Issue, without being obliged to offer such new Ordinary Shares to existing Shareholders on a basis *pro rata* to their existing holdings. This authority has been taken to provide the Directors with the flexibility to issue new Ordinary Shares should they deem it to be in the best interests of Shareholders as a whole. New Ordinary Shares will only be issued on the basis that their issue does not dilute the Net Asset Value per existing Ordinary Share.

Life of the Company

The Company's articles of association contain provisions designed to ensure that, unless the Company is wound up earlier as described below, it will be wound up on 30 September 2020. The Directors may in their discretion convene an extraordinary general meeting of the Company in the year 2015 for the

purposes of winding up the Company and the articles of association contain provisions designed to ensure that a special resolution to wind up the Company proposed at that meeting will be passed.

Taxation

The Directors intend to conduct the affairs of the Company in a manner that will satisfy the conditions for approval as an investment trust under Section 842. Such approval is granted retrospectively for each accounting period. The Company will be exempt from United Kingdom corporation tax on capital gains in respect of each accounting period for which such approval is granted.

Potential investors are referred to paragraph 11 of Part VI for details of the taxation of the Company and of Shareholders and Warrantholders. **If any potential investor is in doubt as to the taxation consequences of the acquisition, holding or disposal of Shares, he should consult a professional adviser.**

Conflicts of Interest

As referred to under the heading "The Investment Adviser" above, the Investment Adviser, acting as an investment manager, has raised two funds for private equity investment in Ukraine. The first, Euroventures I, closed in 1999, having raised €26.25 million. The Investment Adviser's second fund, Euroventures II, had its first closing in August 2005, having raised US\$33.3 million. Further details of both funds and the investment performance to date of Euroventures I can be found under the heading "The Investment Adviser" above.

One of the funds managed by the Investment Manager has invested in Euroventures II.

Mr Hawrylyshyn, one of the directors of the Investment Adviser, is also a non-executive director of six of the funds managed by the Investment Manager.

It is the Directors' intention that the Company will co-invest in certain investment opportunities with Euroventures II. The basis of the co-investment is to be *pro rata* to the net asset value as between the Company and the aggregate commitments of Euroventures II, subject to the views of the Investment Manager and the Company's Investment Committee.

The Investment Adviser has covenanted with the Company and, as a separate covenant, with the Investment Manager, that, save in relation to Euroventures I and Euroventures II, it will not either on its own account or in conjunction with or on behalf of any other person or persons, whether directly or indirectly, at any time until the earlier of (i) the expiry of one year from the date of the Investment Advisory Agreement or (ii) such time as not less than 70 per cent. of the Net Asset Value of the Company is represented by investments in private equity, provide or be engaged, connected or interested (other than as a holder of securities listed on a regulated, regularly operating, recognised open market provided that such holding shall not exceed 5 per cent. of the class of securities of which the holding forms part) in the provision of investment management or investment advisory services to any investor or investors with a policy of investing predominantly in private equity in Ukraine without the prior written consent of the Investment Manager.

The Investment Manager, any of their directors, officers, employees, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "Interested Party") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and will not be liable to account for any profit earned from any such services. The Interested Parties will at all times have due regard to their duties owed to the Company and where a conflict arises the Investment Manager will take reasonable steps to ensure fair treatment of the Company. For example, an Interested Party may acquire investments in which the Company may invest on behalf of clients. However, where the Investment Manager and the Investment Adviser could (i) allocate an investment between two or more funds or accounts which it manages or advises (including the Company's); or (ii) make or advise on a disposal of investments held by two or more such funds or accounts, it will act fairly as between the relevant funds or accounts in making such allocation or disposal, having regard to, *inter alia*, factors such as cash availability and portfolio balance.

The Company may acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to the Company (provided that no Interested Party will act as auditor to

the Company) or hold Shares and buy, hold and deal in any investments for their own accounts notwithstanding that similar investments may be held by the Company. An Interested Party may contract or enter into any financial or other transaction with any shareholder or with any entity any of whose securities are held by or for the account of the Company, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions to which it or he is contractually entitled in relation to any sale or purchase of any investments of the Company effected by it for the account of the Company, provided that in each case the terms are no less beneficial to the Company than a transaction involving a disinterested party and any commission is in line with market practice.

The Investment Manager only uses soft commissions to pay for those types of services that are defined as allowable by the FSA, which must be directly relevant to, and used to assist in, the provision of investment services to customers.

PART IV — DETAILS OF THE PLACING

The Placing comprises up to 7,500,000 Ordinary Shares (with Warrants), to be issued at US\$10 per Share. The two existing issued Ordinary Shares will be included in the Placing and will be transferred as part of the Placing. The Ordinary Shares and the Warrants will, immediately following Admission, be freely transferable.

Pursuant to the Placing, which is being placed by the Placing Agent in accordance with the terms of the Placing Agency Agreement (details of which are set out in paragraph 9 of Part VI), the Company will receive up to approximately US\$72.4 million from the subscription of Ordinary Shares (with Warrants attached), net of placing commissions and other fees and expenses of approximately US\$2.6 million.

The Placing is subject to *inter alia* (a) Admission occurring; (b) the Placing Agency Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission and (c) Placing commitments in respect of not less than 2,500,000 Shares being received pursuant to the Placing.

There is no minimum placing subscription.

Allocations of Ordinary Shares and Warrants under the Placing will be determined at the discretion of the Placing Agent (following consultation with the Company). All Ordinary Shares (with Warrants) issued pursuant to the Placing will be issued or sold at the Placing Price.

Dealing Arrangements

Application has been made to the UK Listing Authority for all of the Ordinary Shares and Warrants of The Ukraine Opportunity Trust PLC (issued and to be issued) to be admitted to the Official List and to the London Stock Exchange for all such Ordinary Shares and Warrants to be admitted to trading on the London Stock Exchange. It is expected that such admissions will become effective, and that dealings in the Ordinary Shares and the Warrants will commence at 8.00 a.m. on 19 October 2005. It is intended that, where applicable, definitive Share certificates and Warrant certificates will be distributed from 24 October 2005 or as soon thereafter as practicable. Temporary documents of title will not be issued.

CREST

CREST is a paperless settlement procedure enabling securities to be transferred from one person's CREST account to another without the need to use share certificates or by written instruments of transfer. On Admission, the Articles and the terms and conditions of the Warrants will permit the holding of Ordinary Shares and the Warrants under the CREST system. The Company has applied for the Ordinary Shares and the Warrants to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares and the Warrants following Admission may take place within the CREST system if any Shareholder or Warrantholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares or Warrants who wish to receive and retain share or warrant certificates will be able to do so. Investors applying for Ordinary Shares (with Warrants) under the Placing may, however, elect to receive Ordinary Shares or Warrants in uncertificated form if they are a system member in relation to CREST.

Placing Arrangements

The Company, the Investment Manager and the Placing Agent have entered into the Placing Agency Agreement, pursuant to which the Placing Agent has agreed, subject to certain conditions, to (i) use its reasonable endeavours to procure subscribers for the Ordinary Shares (with Warrants attached) made available in the Placing and (ii) to effect the Placing. Further details of the terms of the Placing Agency Agreement are set out in paragraph 9 of Part VI.

Placing Restrictions

The Ordinary Shares and the Warrants have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act. Accordingly, the Ordinary Shares and the Warrants may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US Persons except in a transaction meeting the requirements of an applicable exemption from the registration requirements of the Securities Act. See also paragraph 14 of Part VI.

PART V — TERMS AND CONDITIONS OF THE WARRANTS

The Warrants will be constituted by and will be issued pursuant to and with the benefit of a deed poll of the Company dated 27 September 2005 (the “Warrant Instrument”). Each registered Warrantholder will be bound by and deemed to have notice of all the matters set out in the Warrant Instrument, a copy of which may be inspected as mentioned in paragraph 16 of Part VI of this prospectus. Copies of the Warrant Instrument are available on application to the Company’s registered office. The terms and conditions attaching to the Warrants will be as follows:

1. SUBSCRIPTION RIGHTS

- 1.1 A registered holder for the time being of a Warrant (a “Warrantholder”) shall have the right (a “subscription right”) to subscribe in cash on 30 April in any of the years 2007 to 2012 (both inclusive) (or, if later, on the date in any such year being 30 days after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are despatched to shareholders) (a “subscription date”) for one Ordinary Share of US\$0.01 each in the Company (an “Ordinary Share”) at the price of US\$10 per Ordinary Share (the “subscription price”) payable in full in cash on subscription. If the Company shall change its accounting reference date from 31 December, there shall be substituted for the said 30 April the date falling four months after the new accounting reference date. The number and/or nominal value of Ordinary Shares to be subscribed pursuant to subscription rights and/or the subscription price will be subject to adjustment as provided in paragraph 2 below. Warrants registered in a Warrantholder’s name which are not registered as being held in uncertificated form in a relevant system will be evidenced by a Warrant certificate issued by the Company. Nothing in these terms and conditions shall require the Company to issue a certificate for Warrants to any person holding such Warrants in uncertificated form.
- 1.2 In order to exercise the subscription rights in whole or in part, in respect of Warrants held in certificated form on any subscription date, the Warrantholder must lodge the Warrant certificate(s), having completed the notice of exercise of subscription rights (“Notice of Exercise”) thereon (or such other evidence as the directors of the Company for the time being (the “Directors”) may reasonably require as proof of the title of the person exercising the subscription rights) at the office of the registrar for the time being of the Company (the “Registrar”) on or within 28 days prior to the relevant subscription date (but not later than 3.00 p.m. on that date) (such notice referred to in these terms and conditions as a “Certificated Subscription Notice”) accompanied by a remittance for the aggregate amount payable on subscription for the Ordinary Shares arising on the exercise of the subscription rights. The Directors may accept as valid notices of exercise of subscription rights which are received after the relevant subscription date, provided they are accompanied by the correct remittance, as described above.
- 1.3 In respect of Warrants held in uncertificated form on any subscription date, the subscription rights shall be exercised (and treated by the Company as exercised) on that subscription date if the Company or any sponsoring system-participant acting on behalf of the Company receives, at any time on or within 28 days prior to the relevant subscription date:
 - 1.3.1 a properly authenticated dematerialised instruction:
 - (a) in the form from time to time prescribed by the Directors and having the effect determined by the Directors from time to time (subject always, so far as the form and effect of the instruction is concerned, to the facilities and requirements of the relevant system concerned); and
 - (b) that is addressed to the Company, is attributable to the system-member who is the holder of the Warrants concerned and that specifies (in accordance with the form prescribed by the Directors as aforesaid) the number of Warrants in respect of which the subscription rights are to be exercised; and
 - 1.3.2 payment in settlement of the aggregate subscription price for the Ordinary Shares arising on the exercise of the subscription rights, such payment to be made through the relevant system in accordance with its rules, or by any other means permitted by the Directors,

provided always that:

- (A) subject always to the facilities and requirements of the relevant system concerned, the Directors may in their discretion permit the holder of any Warrants in uncertificated form to exercise his right to subscribe for Ordinary Shares by such other means as the Directors may approve;
- (B) the Directors may in their discretion require, in addition to receipt of a properly authenticated dematerialised instruction as referred to above, the holder of any Warrants in uncertificated form to complete and deliver to the Registrar on or within the 28 days prior to the relevant subscription date a notice in such form as may from time to time be prescribed by the Directors; and
- (C) for the avoidance of doubt, the form of the properly authenticated dematerialised instruction as referred to above may be such as to divest the holder of the Warrants concerned of the power to transfer such Warrants to another person,

and, for the purposes of these terms and conditions, an "Uncertificated Subscription Notice" means the properly authenticated dematerialised instruction referred to in this paragraph 1.3 or any other notice that the Directors may permit to be given in substitution for such dematerialised instruction and together with (in either case) any other additional notice or information that the Directors may require to be given in order for the subscription rights to be exercised.

- 1.4 Once received by the Company, neither a Certificated Subscription Notice nor an Uncertificated Subscription Notice may be withdrawn save with the consent of the Directors. The Directors may require, as a condition of exercise of any Warrants, that the beneficial owner of such Warrants certifies that such exercise is not by or on behalf of, or with a view to a transfer of the Ordinary Shares to which the Warrants relate to, a United States Person or delivers such other certifications as to nationality or residence as they deem necessary or desirable for the best interests of the Company. Exercising Warrantholders must also comply with any applicable legal requirements.
- 1.5 Not earlier than eight weeks nor later than six weeks before each subscription date the Company shall give notice in writing to the holders of the outstanding Warrants reminding them of their subscription rights and, in respect of Warrants held in uncertificated form, stating the form of Uncertificated Subscription Notice prescribed by the Directors in relation to the relevant subscription date. Failure by any holder to receive such notice shall not prejudice his rights, nor those of any other holder, to subscribe for Ordinary Shares pursuant to their Warrants.
- 1.6 Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted to the person in whose name the Warrants are registered at the date of such exercise (and, if more than one, to the first named, which shall be sufficient despatch for all) or (subject as provided by law and to payment of stamp duty, stamp duty reserve tax or any like tax as may be applicable) to such other persons as may be named in the Certificated Subscription Notice or Uncertificated Subscription Notice (as appropriate) not later than 14 days after, and with effect from, the relevant subscription date. Unless the Directors otherwise determine, or unless the Regulations (as defined in paragraph 9.3) and/or the rules of the relevant system concerned otherwise require, the Ordinary Shares issued pursuant to an exercise of subscription rights shall be allotted in uncertificated form (where the Warrants in respect of which the subscription rights were exercised were in uncertificated form on the relevant subscription date) and in certificated form (where the Warrants in respect of which the subscription rights were exercised were in certificated form on the relevant subscription date).
- 1.7 Certificates for Ordinary Shares which are to be issued pursuant to an exercise of subscription rights in accordance with paragraph 1.6 will be issued free of charge and despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant subscription date to the person(s) to whom the Ordinary Shares have been allotted pursuant to paragraph 1.6 (or if more than one, to the first-named, which shall be sufficient despatch for all). In the event of a holder of Warrants in certificated form on the relevant subscription date exercising the subscription rights conferred by some, but not all, of such Warrants, the Company shall at the same time as the issue of the share certificates issue a new Warrant certificate in the name of

the registered holder for any balance of the Warrants with subscription rights remaining exercisable.

- 1.8 No fraction of an Ordinary Share will be issued on the exercise of any Warrant and no refund will be made to a Warrantholder in respect of that part of the relevant subscription moneys which represents such a fraction (if any), provided that if more than one Warrant is exercised at the same time by the same holder then, for the purposes of determining the number of Ordinary Shares issuable upon the exercise of such Warrants and whether (and, if so, what) fraction of an Ordinary Share arises, the number of Ordinary Shares arising on the exercise of each Warrant shall first be aggregated and, if practicable, sold in the market. The net proceeds of such sale will be paid to the Warranholders in proportion to the fractions arising on exercise of their Warrants, save that amounts of less than US\$5.00 will be retained for the benefit of the Company.
- 1.9 Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares for which the record date is prior to the relevant subscription date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year thereafter and *pari passu* in all other respects with the Ordinary Shares in issue on the relevant subscription date, provided that on any allotment falling to be made pursuant to paragraph 3.8 or paragraph 3.9 below, the Ordinary Shares to be allotted shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to the date of allotment but, subject thereto, will rank in full for all other dividends and distributions and *pari passu* in all other respects with the Ordinary Shares then in issue.
- 1.10 So long as the Company's ordinary share capital is listed on the Official List of the UK Listing Authority and traded on the domestic market of the London Stock Exchange plc (the "London Stock Exchange"), the Company will apply to the UK Listing Authority and the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange respectively and the Company will use all reasonable endeavours to obtain such admission as soon as practicable and, in any event, not later than 14 days after the relevant subscription date (or the date of allotment of Ordinary Shares if allotted otherwise than on a subscription date).
- 1.11 If immediately after any subscription date (other than the final subscription date) and after taking account of any subscription rights exercised on that date, subscription rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Ordinary Shares to which the subscription rights attached to Warrants originally issued by the Company or issued pursuant to these terms and conditions relate (excluding any Ordinary Shares to which subscription rights attached to Warrants purchased by the Company or any of its subsidiaries relate but including any further Warrants issued pursuant to these terms and conditions), the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Warrants then outstanding of its intention to appoint a trustee for the purposes set out below upon the expiry of 21 days from the date of such notice (the "Notice Period") and for this purpose the Notice Period shall expire at 3.30 p.m. on the 21st day. Such notice shall in its terms give the holders of the Warrants so outstanding a final opportunity to exercise their subscription rights in the manner provided, *mutatis mutandis*, in paragraphs 1.2 and 1.3 as though such 21st day were a subscription date. Such notice shall set out the subscription price, as adjusted in accordance with paragraph 2, at which Warranholders may subscribe for Ordinary Shares before the expiry of the notice. Forthwith after the expiry of the Notice Period, the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of the subscription, shall within the period of 14 days following the expiry of the Notice Period either (i) exercise the subscription rights which shall not have been exercised on the terms (subject to any adjustments pursuant to paragraphs 2.1 and 2.2) on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had then been exercisable and sell in the market the Ordinary Shares acquired on such subscription or (ii) (if it appears to the trustee that doing so is likely to realise greater net proceeds for Warranholders) accept any offer available to Warranholders for the purchase of the Warrants. The trustee shall distribute *pro rata* the proceeds less such subscription costs and such other

costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and in any event within one month after the expiry of the Notice Period, provided that entitlements of under US\$5.00 shall be retained for the benefit of the Company.

- 1.12 Within seven days following the final subscription date the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of subscription, shall within the period of 14 days following the final subscription date, either (i) exercise all the subscription rights which shall not have been exercised on the terms on which the same could have been exercised on the final subscription date and sell in the market the Ordinary Shares acquired on such subscription or (ii) (if it appears to the trustee that doing so is likely to realise greater net proceeds for Warrantholders) accept any offer available to Warrantholders for the purchase of the Warrants. The trustee shall distribute *pro rata* the proceeds less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons within two months of the final subscription date, provided that entitlements of under US\$5.00 shall be retained for the benefit of the Company. If the trustee shall not so exercise the subscription rights as aforesaid (and so that his decision in respect thereof shall be final and binding on all holders of outstanding Warrants), the outstanding Warrants shall lapse at the expiry of the period of 14 days following the final subscription date.
- 1.13 The trustee referred to in paragraphs 1.11 and 1.12 above shall have no liability of any nature whatsoever where he has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- 1.14 The Warrants and the Ordinary Shares issuable on exercise of the Warrants have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and the Company has not been and will not be registered under the Investment Company Act. Each Warrant certificate will bear a legend to the effect that the Warrants and the Ordinary Shares to be issued upon their exercise have not been and will not be so registered, and that the Warrants may not be exercised for cash in the US unless registered under the Securities Act or an exemption from such registration requirements is available. Accordingly, if a Warrant is exercised for cash the exercise notice is required to contain, among other things, a representation and warranty by the person exercising the Subscription Rights that it is outside the United States in an "offshore transaction" within the meaning of Regulation S under the Securities Act, failing which the Company may refuse to authorise the issue of Ordinary Shares to such person, except in certain limited circumstances.

2. ADJUSTMENTS OF SUBSCRIPTION RIGHTS

2.1 Forthwith on:

2.1.1 any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of Ordinary Shares on the register on a date (or by reference to a record date) on or before the final subscription date; or

2.1.2 any sub-division or consolidation of the Ordinary Shares on a date (or by reference to a record date) on or before the final subscription date,

the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise of subscription rights will, subject to paragraph 2.5, be increased or, as the case may be, reduced in due proportion (fractions being ignored) and the subscription price will be adjusted accordingly, so as to maintain the same cost of exercising the subscription rights of each Warrantholder with effect from the record date for such capitalisation, sub-division or consolidation. Such adjustments shall be determined by the Directors and the auditors for the time being of the Company (the "Auditors") shall confirm that in their opinion the adjustments have been determined in all material respects in accordance with these terms and conditions. Within 28 days after the relevant event referred to in sub-paragraph 2.1.1 or sub-paragraph 2.1.2 above, notice of such adjustments will be given to each Warrantholder detailing the number of Ordinary Shares for which the Warrantholder is entitled to subscribe in consequence of any such adjustment where, in its discretion, the Company elects to give effect to such adjustment by the issue of additional Warrants (as opposed to an adjustment of the subscription terms of existing Warrants). Such additional subscription rights shall confer the

same rights and privileges and be subject to the same restrictions and obligations as the subscription rights which subsist at the date of the relevant capitalisation, sub-division or consolidation subject to any adjustment to the subscription price which is made in pursuance of this paragraph 2.1. Holders of Warrants in certificated form at that time will also, if the Company considers it necessary or desirable, receive a new Warrant certificate in respect of such adjusted subscription rights.

2.2 If, on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation to the holders of Ordinary Shares (whether by rights issue or otherwise but not being an offer to which paragraph 3.8 applies) or any offer or invitation (not being an offer to which paragraph 3.9 applies) is made to such shareholders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Warrantheolders as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraph 2.1 or this paragraph 2.2) on which the same could have been exercised if they had then been exercisable, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, or if the Directors are unable to procure that such offer or invitation is made, the Company shall not be required to procure that such offer or invitation is made but the subscription price and the subscription rights shall, subject to paragraph 2.5, be adjusted:

2.2.1 in the case of an offer of additional Ordinary Shares for subscription by way of rights at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the subscription price in force immediately before such announcement by:

$$\frac{X + Y}{X + Z}$$

where:

“X” means the number of Ordinary Shares in issue on the date of such announcement;

“Y” means the number of Ordinary Shares which the aggregate of the amount payable for the total number of additional Shares comprised in such rights issue would purchase at such market price; and

“Z” means the aggregate number of Ordinary Shares offered for subscription; and by dividing the number of Ordinary Shares to be subscribed on any future exercise of the subscription rights by the same fraction. Such adjustment shall be determined by the Directors, and the Auditors shall confirm that in their opinion the adjustment has been determined in all material respects in accordance with these terms and conditions;

2.2.2 in any other case, in such manner as the Directors shall determine and the Auditors shall report to be fair and reasonable.

Any such adjustment shall become effective as at the record date of the offer or invitation. For the purposes of this paragraph 2.2, “market price” means the arithmetic mean of the mid-market quotations (as derived from the Official List of the UK Listing Authority) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained but making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends and other distributions with the Ordinary Shares in issue on those days. The Company shall give notice to the Warrantheolders within 28 days of any adjustment made pursuant to this paragraph 2.2 and, if the Company considers it necessary or desirable, despatch new Warrant certificates to holders of Warrants in certificated form at that time in the manner described in paragraph 2.1.

2.3 If at any time a Warrantheolder shall become entitled to exercise his subscription rights pursuant to paragraph 3.9, the subscription price payable on such exercise of the subscription rights (but not otherwise) shall be reduced by an amount determined in accordance with the following formula:

$$A = (B + C) - D$$

where:

“A” means the reduction in the subscription price;

“B” means the subscription price ruling immediately before the adjustment;

“C” means the arithmetic mean of the mid-market quotations (as derived from the Official List of the UK Listing Authority) for one Warrant for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and

“D” means the arithmetic mean of the mid-market quotations (as derived from the Official List of the UK Listing Authority) for one Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made.

However:

- (a) no adjustment shall be made in the subscription price where the value of D exceeds the aggregate value of B and C;
- (b) the subscription price shall be further adjusted to take account of the market value of the Warrants (which shall be deemed to be equal to the value of C) having regard *inter alia* to the time value of money in such manner as the Directors shall determine and as the Auditors shall report, in all the circumstances, to be fair and reasonable; and
- (c) the subscription price shall not be adjusted so as to cause the Company to be obliged to issue Ordinary Shares at a discount and, if the application of the above formula would, in the absence of this sub-paragraph (c), have reduced the subscription price to below the then nominal value of an Ordinary Share, the number of Ordinary Shares to be subscribed on any subsequent exercise of the subscription rights in accordance with paragraph 3.9 but not otherwise shall be adjusted by the Directors in such manner as they determine to be appropriate, and the Auditors report to be fair and reasonable, to achieve, so far as is possible, the same economic result for the Warrantholders as if the subscription price had been adjusted without regard to this sub-paragraph 2.3 in all the circumstances.

Such reduction shall be determined by the Directors and the Auditors shall confirm that, in their opinion, in all the circumstances, the reduction has been determined in all material respects in accordance with these terms and conditions. Any such adjustment shall become effective on the date on which the Company becomes aware that, as a result of such offer as is referred to in paragraph 3.9, the right to cast a majority of the votes which may normally be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies. Publication of a scheme of arrangement or conclusion of a legally binding agreement providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company (by whatever means) shall be deemed to be the making of an offer for the purposes of this paragraph 2.3 and paragraph 3.9. The Company shall give notice to the Warrantholders within 28 days of any adjustments made pursuant to this paragraph 2.3 and, if the Company considers it necessary or desirable, despatch new Warrant certificates to holders of Warrants in certificated form at that time in the manner described in paragraph 2.1.

- 2.4 If an order is made or an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the Warrantholders), the provisions of paragraph 2.3 shall apply *mutatis mutandis* and any adjustment made pursuant to this paragraph 2.4 shall be calculated by reference to, and shall become effective on, the day immediately before the date of such order or resolution. For the purposes of applying the formula set out in paragraph 2.3 above:

“C” shall be the arithmetic mean of the mid-market quotations (as derived from the Official List of the UK Listing Authority) for one Warrant for the ten consecutive dealing days ending on the

dealing day immediately preceding the earliest of the following dates: (i) the date of an announcement by the Directors of their intention to convene an extraordinary general meeting for the purpose of passing a resolution to wind up the Company; (ii) the date of the notice of an extraordinary general meeting convened for the purpose of passing a resolution to wind up the Company; (iii) the date of commencement of the winding-up of the Company by the court; and (iv) the date of suspension by the London Stock Exchange of dealings in the Warrants prior to the making of such announcement by the Directors; and

“D” shall be the amount per share as determined by the Directors with confirmation from the Auditors that such determination is fair and reasonable which each holder of an Ordinary Share would be entitled to receive on such winding-up in accordance with paragraph 3.11, on the assumption that all Warrants then unexercised had been exercised in full at the relevant subscription price and the subscription moneys in respect thereof had been received in full by the Company.

- 2.5 No adjustment shall be made to the subscription price pursuant to paragraphs 2.1 or 2.2 if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2.5) be less than one per cent. of the subscription price then in force and on any adjustment the adjusted subscription price will be rounded down to the nearest US\$0.05. Any adjustment not so made and any amount by which the subscription price is rounded down will be carried forward and taken into account on any subsequent adjustment pursuant to this paragraph 2.5.

3. OTHER PROVISIONS

So long as any subscription rights remain exercisable:

- 3.1 the Company shall not (except with the sanction of an extraordinary resolution of the Warranholders):
- 3.1.1 make any distribution of capital profits or capital reserves (including all surpluses and accretions required to be credited to capital reserve by the Company’s Articles of Association) except by means of a capitalisation issue in the form of fully paid Ordinary Shares, or
 - 3.1.2 issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares, or
 - 3.1.3 on or by reference to a record date falling within the period of six weeks ending on any subscription date make any such allotment, sub-division or consolidation as is referred to in paragraph 2.1 or any such offer or invitation as is referred to in paragraph 2.2 (except by extending to Warranholders or procuring the extension to Warranholders of any such offer or invitation as may be made by a third party);
- 3.2 the Company shall not (except with the sanction of an extraordinary resolution of the Warranholders) in any way modify the rights attached to its existing Ordinary Shares as a class (but so that nothing herein shall restrict the right of the Company to increase or to consolidate or sub-divide its share capital), or create or issue any new class of share capital except for shares which, as compared with the rights attached to the existing Ordinary Shares, carry rights which are not more advantageous as regards voting, dividend or return of capital. Notwithstanding the foregoing, (i) for so long as the Company has only one class of share capital, any modification of the rights of the Ordinary Shares is not to be regarded as a modification of the rights attached to the Ordinary Shares as a class, and (ii) any rights as regards return of capital shall not be regarded as more advantageous than those of the Ordinary Shares, if in either case such modification or the creation or issue of any such shares is made in connection with or in contemplation of a winding-up of the Company, provided that for the purposes of calculating the sum (if any) due to Warranholders under paragraph 3.11, the Directors shall have regard both to the rights of the Ordinary Shares immediately prior to such modifications and after such modification and to the amount which the Warranholder would have received had he been the holder of the Ordinary Shares to which he would have become entitled as provided in paragraph 3.11 and had he exercised any right of election conferred on such Ordinary Shares or the shares so created or issued;

- 3.3 the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves, nor make any such offer as is referred to in paragraph 2.2, if in either case as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount to nominal value;
- 3.4 the Company shall not (except with the sanction of an extraordinary resolution of the Warrantheholders) (i) amend its Articles of Association so as to enable any distribution of capital profits or capital reserves (save as permitted by paragraph 3.1 above) or (ii) (except as authorised by sections 130 to 134 (inclusive) or sections 159 to 181 (inclusive) of the Companies Act 1985 or except for a reduction not involving any payment to shareholders) reduce its share capital or any share premium account or capital redemption reserve;
- 3.5 the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable without the need for the passing of any further resolutions of shareholders;
- 3.6 the Company shall not make any allotment of fully paid Ordinary Shares by way of capitalisation of capital profits or reserves unless at the date of such allotment the Directors have authority for the purposes of section 80 of the Companies Act 1985 to grant the additional rights to subscribe to which the Warrantheholders would by virtue of paragraph 2.1 be entitled in consequence of such capitalisation and section 89(1) of the Companies Act 1985 shall have been disapplied to the extent (if any) necessary to enable such grant;
- 3.7 the Company shall not make any such offer or invitation as is referred to in paragraph 2.2 to the holders of Ordinary Shares unless:
- 3.7.1 where such offer or invitation involves the allotment of relevant securities (as defined in section 80 of the Companies Act 1985) the Directors shall have authority for the purposes of the said section 80 to allot any such securities to be allotted to the Warrantheholders in accordance with paragraph 2.2; and
- 3.7.2 section 89(1) of the Companies Act 1985 shall have been disapplied to the extent (if any) necessary to enable the Company to make such offer or invitation to the Warrantheholders and to effect any allotment pursuant thereto;
- 3.8 if at any time an offer or invitation is made by the Company to the holders of its Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the Warrantheholders and each Warrantheholder shall be entitled, at any time while such offer or invitation is open for acceptance, to exercise his subscription rights on the terms (subject to any adjustments pursuant to paragraphs 2.1 and 2.2) on which the same could have been exercised if they had been exercisable on the day immediately preceding the record date for such offer or invitation and so as to take effect as if he had exercised his rights immediately prior to the record date of such offer or invitation;
- 3.9 subject to paragraph 3.10, if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Warrantheholders of such vesting within 14 days of its becoming so aware and each Warrantheholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his subscription rights on the terms (subject to any adjustments pursuant to paragraphs 2.1, 2.2 and 2.3) on which the same could have been exercised if they had been exercisable on the day on which the Company shall become aware as aforesaid. If any part of the 30-day period referred to falls before 2 April 2007, the Warrants shall nevertheless be deemed to be exercisable during all of that period for the purposes of this paragraph 3.9 and if any part of such period falls after 2 April 2012, the subscription date shall be deemed to be the last business day of such 30-day period;
- 3.10 if any offer as is referred to in paragraph 3.9 above shall be made whereunder the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of warrants to subscribe for ordinary shares in the offeror in exchange for the Warrants which the financial advisers to the Company shall consider in their opinion

(acting as experts and not as arbitrators) to be fair and reasonable (having regard to the terms of the offer and to the terms of paragraph 2.4 and any other circumstances which may appear to the financial advisers to the Company to be relevant), then the Warrantheolders shall not be entitled to exercise their subscription rights on the basis referred to in paragraph 3.9 above and any Director shall be authorised as attorney for the Warrantheolders who have not accepted such offer of Warrants (i) to execute a transfer thereof in favour of the offeror in consideration of the issue of warrants to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Warrants shall lapse and (ii) to do all such acts and things as may be necessary or appropriate in connection therewith, subject in the case of both (i) and (ii) aforesaid to such offer becoming or being declared unconditional in all respects and the offeror being in a position compulsorily to acquire the whole of the issued ordinary share capital of the Company;

- 3.11 if an order is made or an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the Warrantheolders), each Warrantheolder shall (if in such winding-up and on the basis that all subscription rights then unexercised had been exercised in full and the subscription price therefor (taking account of any adjustments to the subscription price pursuant to paragraphs 2.1, 2.2 and 2.4), had been received in full by the Company there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the subscription rights (taking account of any adjustments to the subscription price pursuant to paragraphs 2.1, 2.2 and 2.4), which would on such basis exceed in respect of each Ordinary Share a sum equal to such subscription price) be treated as if immediately before the date of such order or resolution (as the case may be) his subscription rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2.1, 2.2 and 2.4) on which the same could have been exercised if they had been exercisable on the day immediately before the date of such order or resolution (as the case may be) and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the subscription price (subject to any adjustments pursuant to paragraphs 2.1, 2.2 and 2.4). If in connection with such winding up the members of the Company approve in accordance with its Articles of Association or section 110 of the Insolvency Act 1986 (i) a distribution of assets *in specie* to the members, (ii) the vesting in trustees of the whole or any part of the assets of the Company on trust for the benefit of the members or any of them, (iii) a transfer of the whole or part of the Company's business or property as is referred to in section 110 of the Insolvency Act 1986, or (iv) any similar arrangement, then for the purposes of this paragraph, the sum that the Warrantheolder would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription shall be such sum as is determined by the Directors on such basis of valuation and valued at such date as the Directors determine with confirmation from the Auditors that each such determination is fair and reasonable. Subject to the foregoing, all subscription rights shall lapse on liquidation of the Company;
- 3.12 the Company shall not (except with the sanction of an extraordinary resolution of the Warrantheolders) issue any further warrants or other rights to subscribe for, or convert any security into, Ordinary Shares or any class of share capital except for shares which, as compared with the rights attached to the existing Ordinary Shares, carry rights which are not more advantageous as regards voting, dividend or return of capital; and
- 3.13 the Company shall not change its accounting reference date from 31 December except to a date falling within seven days before or after 31 December without giving to the Warrantheolders not less than two months' notice thereof and of the new date to be substituted for 30 April in paragraph 1.1.

4. ISSUE OF 'C' SHARES

- 4.1 Notwithstanding the provisions of paragraph 3 above, a qualifying 'C' share issue (as defined below) shall not constitute an alteration or abrogation of the rights attached to the Warrants (and shall not require the sanction of an extraordinary resolution of the Warrantheolders) even though it may involve modification of the rights attached to the existing Ordinary Shares of the

Company or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all of the circumstances) that such issue should not have any material dilutive effect on the fully diluted net asset value attributable to each Ordinary Share.

- 4.2 For this purpose, a “qualifying ‘C’ share issue” means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of warrants (whether on the same terms and conditions as the warrants or otherwise) and any matters reasonably incidental to the process by which such shares are converted to Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

5. MODIFICATION OF RIGHTS AND MEETINGS

- 5.1 Subject to the existing rights of the holders of the Ordinary Shares, all or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the Warrantheolders. All the provisions of the Articles of Association for the time being of the Company as to general meetings shall *mutatis mutandis* apply as though the Warrants were a class of shares forming part of the capital of the Company but so that:

5.1.1 the necessary quorum shall be Warrantheolders present in person or by proxy entitled to subscribe for one-third in nominal amount of the Ordinary Shares attributable to such outstanding Warrants,

5.1.2 every Warrantheolder present in person at any such meeting shall be entitled on a show of hands to one vote and every Warrantheolder present in person or by proxy at any such meeting shall be entitled on a poll to one vote for each Ordinary Share for which he is entitled to subscribe,

5.1.3 any Warrantheolder present in person or by proxy may demand or join in demanding a poll,

5.1.4 at any adjourned meeting those Warrantheolders present in person or by proxy shall be a quorum (whatever the number of Warrants held or represented by such Warrantheolders), and

5.1.5 provisions concerning notices of meetings shall have effect subject to the Regulations (as defined in paragraph 9.3 (hereinafter the “Regulations”)).

5.1.6 Any such alteration or abrogation approved as aforesaid shall be effected by deed poll executed by the Company and expressed to be supplemental to the Warrant Instrument. Modifications to the Warrant Instrument which are of a formal, minor or technical nature, or made to correct a manifest error, and which do not adversely affect the interests of the Warrantheolders, may be effected without the sanction of an extraordinary resolution of the Warrantheolders by deed poll executed by the Company and expressed to be supplemental to the Warrant Instrument and notice of such alteration or abrogation or modification shall be given by the Company to the Warrantheolders.

- 5.2 The Company may, by resolution of the Directors and without the sanction of an extraordinary resolution of the Warrantheolders:

5.2.1 make such amendments to these terms and conditions as are necessary (a) for the Company to permit the holding of Warrants in uncertificated form and the transfer of title to the Warrants by means of a relevant system under the Regulations and (b) to remove inconsistencies between these terms and conditions and the holding of Warrants in uncertificated form, the transfer of title to Warrants by means of a relevant system and the Regulations; and

5.2.2 make such other amendments to these terms and conditions as the Directors consider desirable or expedient to facilitate the holding and transfer of Warrants in uncertificated

form in CREST or any other relevant system, and the exercise of the rights attached to such Warrants within such relevant system.

The Company may, but shall not be bound to, make arrangements for the Warrants to become a participating security.

6. TRANSFER

Each Warrant held in certificated form will be registered and will be transferable in whole or in part by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors. Each Warrant held in uncertificated form will be registered and will be transferable in whole or in part by means of a relevant system in such manner provided for, and subject as provided in, the Regulations and the rules of the relevant system and accordingly no paragraph of these terms and conditions shall apply in respect of such a Warrant to the extent that the paragraph requires or contemplates the effecting of a transfer by an instrument in writing and the production of a certificate for the Warrant to be transferred. No transfer of a right to subscribe for a fraction of an Ordinary Share may be effected. Subject as aforesaid in this paragraph, the provisions of the Articles of Association for the time being of the Company relating to the registration, transfer, compulsory transfer and transmission of Ordinary Shares and the issue and replacement of certificates shall apply *mutatis mutandis* to the Warrants.

7. PURCHASE OR SURRENDER OF WARRANTS

The Company and its subsidiaries shall have the right to purchase Warrants in the market or at any price by tender (available to all Warrantheolders alike) or by private treaty or otherwise and the Company may accept the surrender of a Warrant at any time. All Warrants so purchased or surrendered shall forthwith be cancelled and shall not be available for re-issue or re-sale.

8. WARRANTS IN UNCERTIFICATED FORM

- 8.1 Pursuant and subject to the Regulations, the Company may permit title to the Warrants to be evidenced otherwise than by a certificate and to be transferred by means of a relevant system and may make arrangements for the Warrants to become a participating security. Title to the Warrants may be evidenced otherwise than by a certificate only where the Warrants are for the time being a participating security. The Company may also, subject to compliance with the Regulations and the rules of any relevant system, determine that title to the Warrants may, from any date specified by the Company, no longer be evidenced otherwise than by a certificate and/or that title to the Warrants shall cease to be transferred by means of any particular relevant system.
- 8.2 In relation to the Warrants once they are a participating security and for so long as the Warrants remain a participating security, no provision of these terms and conditions shall apply or have effect to the extent that it is inconsistent in any respect with:
- 8.2.1 the holding of Warrants in uncertificated form;
 - 8.2.2 the transfer of title to Warrants by means of a relevant system; or
 - 8.2.3 any provision of the Regulations.
- 8.3 For so long as the Warrants are a participating security, Warrants may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Regulations and the rules of any relevant system, and the Company shall record on the register of Warrantheolders that the Warrants are held in certificated or uncertificated form as appropriate.
- 8.4 The Register of Warrantheolders shall be maintained at all times in the United Kingdom.
- 8.5 Where the Warrants are a participating security, references to the register shall include the issuer register of shares and the Operator register of shares.
- 8.6 Warrants may be issued in uncertificated form in accordance with and subject as provided in the Regulations.
- 8.7 The Company shall comply with the provisions of Regulations 25 and 26 of the Regulations in relation to the Warrants held in uncertificated form.

- 8.8 For the avoidance of doubt, these terms and conditions (as amended from time to time) are applicable to the Warrants held in uncertificated form and shall remain so applicable (and accordingly the Company shall continue to comply with these terms and conditions) notwithstanding that they are not endorsed on any certificate for such Warrants.
- 8.9 The Company shall provide to any holder of Warrants in uncertificated form a copy of these terms and conditions (as amended from time to time) on request by him (but so that joint holders of such Warrants shall be entitled to receive one copy only of these terms and conditions in respect of the Warrants held jointly by them, which copy shall be delivered to that one of the joint holders whose name stands first in the register of Warrantheholders in respect of that holding).

9. GENERAL

- 9.1 The Company will concurrently with the issue of the same to the holders of its Ordinary Shares send to each Warrantheholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof) together with all documents required by law to be annexed thereto, and copies of all statements, notices, circulars and other documents issued by the Company to holders of Ordinary Shares.
- 9.2 For the purposes of these conditions, “**extraordinary resolution of the Warrantheholders**” means a resolution proposed at a meeting of the Warrantheholders duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- 9.3 For the purposes of these terms and conditions, the “**Regulations**” means the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time and any provisions of the Companies Acts which supplement or replace such Regulations and words or expressions used in these terms and conditions shall have the same meaning as in the Regulations.
- 9.4 If any subscription date would, but for the provisions of this paragraph 9.4, fall on a day which is not a business day, the relevant subscription date shall be the next following business day.
- 9.5 For the purposes of these terms and conditions:
- 9.5.1 “**Auditors**” means the auditors of the Company for the time being or such other firm of accountants as may from time to time be appointed by the Directors for these purposes;
- 9.5.2 “**business day**” means a day (other than a Saturday) on which banks in London are open for business;
- 9.5.3 “**dealing day**” means a day on which dealings take place on the London Stock Exchange;
- 9.5.4 “**financial year**” has the meaning ascribed to it by section 223 of the Companies Act 1985 as inserted by the Companies Act 1989; and
- 9.5.5 “**United States Person**” means any person or entity defined as such in Rule 902(o) of the United States Securities Act 1933, as amended, and, without limiting the foregoing, includes any resident of the United States, or any corporation, partnership or other entity created or organised in or under the laws of the United States (including the estate of any such person, corporation or partnership created or organised in the United States) and “**United States**” mean the United States of America (including the States and District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.
- 9.6 Any determination or adjustment made pursuant to these terms and conditions by the Directors or the Auditors shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Warrantheholders.
- 9.7 Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted.
- 9.8 The provisions of the Company’s Articles of Association as to notices to shareholders and untraced members shall apply *mutatis mutandis* to notices to Warrantheholders.
- 9.9 The Warrants shall be governed by, and construed in accordance with, English law.

PART VI — ADDITIONAL INFORMATION

1. THE COMPANY

- 1.1 The Company was incorporated and registered with limited liability in England and Wales under the Act on 16 August 2005 as a public limited company with the name “The Ukraine Opportunity Trust PLC” and with registered number 5537892. The Company’s registered office is at 23 Cathedral Yard, Exeter EX1 1HB and its telephone number is +44 1392 412122.
- 1.2 The Company operates under the Act and regulations made under the Act.
- 1.3 On 8 September 2005 the Registrar of Companies issued a certificate under section 117 of the Act enabling the Company to do business and exercise borrowing powers.
- 1.4 It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the requirements for qualification as an investment company under section 266 of the Act and the Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to that section.

2. SHARE CAPITAL

- 2.1 The authorised share capital of the Company on incorporation was £50,000 and US\$500 divided into 50,000 Redeemable Shares of £1.00 each and 50,000 Ordinary Shares of US\$0.01 each. On incorporation, two Ordinary Shares were subscribed by the subscribers to the memorandum of association of the Company. On 22 August 2005 these Ordinary Shares were transferred to Steven Johnson and FPP Fund Management Inc. and will be made available under the Placing.
- 2.2 On 22 August 2005 the 50,000 Redeemable Shares were allotted to the Investment Manager at par (one-quarter paid) to enable the Company to obtain a certificate to commence business under section 117 of the Act. The Redeemable shares are non-voting and carry the right to receive a fixed dividend at the rate of 0.01 per cent. on their nominal value, but the holders have waived the right to receive such dividends. The Redeemable Shares are expected to be paid up in full shortly after completion of the Placing and then will be redeemed out of the proceeds of the Placing.
- 2.3 The authorised share capital and the issued ordinary share capital of the Company (all of which will be fully paid up) immediately following the Placing (assuming the Placing is subscribed in full) will be as follows:

| <i>Authorised</i> | | <i>Issued and to be issued fully paid</i> | |
|----------------------|---------------|---|---------------|
| <i>Nominal Value</i> | <i>Number</i> | <i>Nominal Value</i> | <i>Number</i> |
| US\$125,000 | 12,500,000 | US\$75,000 | 7,500,000 |

- 2.4 All the issued Ordinary Shares will be fully paid. Of the authorised but unissued Ordinary Shares, up to 1,500,000 will be reserved for issue upon exercise of the Warrants.
- 2.5 Save pursuant to the Placing and as disclosed above, 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 commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no borrowing or contingent liabilities have been incurred.
- 2.6 Save pursuant to the Warrants, no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- 2.7 The Ordinary Shares and the Warrants will be issued in registered form and will be capable of being held in certificated or uncertificated form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00B0HW6117 and the ISIN of the Warrants is GB00B0L4V184.
- 2.8 The provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confers on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash) shall apply to the authorised, but unissued, share capital of the Company, except to the extent disapplied by the resolution referred to in paragraph 2.9.2.

- 2.9 On 26 September 2005, at an extraordinary general meeting of the Company, it was resolved to increase the authorised share capital of the Company to US\$125,000 and £50,000 by the creation of an additional 12,450,000 Ordinary Shares and to grant to the directors the necessary authorities and powers to allot the Ordinary Shares and Warrants pursuant to the Placing, such authorities to expire on 31 December 2005. It was also resolved to adopt new articles of association. On the same day it was resolved that, subject to Admission:
- 2.9.1 to authorise the directors, in accordance with section 80 of the Act, to allot relevant securities (as defined in that section) up to an maximum nominal amount of US\$25,000 such authority to expire on the fifth anniversary of the date of the resolution;
- 2.9.2 to authorise the directors, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in paragraph 2.9.1 above as if section 89(1) of the Act did not apply to the allotment, but such power was limited to the allotment of equity securities in connection with the a rights issue, open offer or other offer to holders of ordinary shares (and, if the directors so determine, holders of other equity securities) in proportion (as nearly as may be) to their existing holdings of ordinary shares or other equity securities and the allotment (otherwise than pursuant to a rights issue, open offer or other such offer) of equity securities up to an aggregate nominal amount of US\$11,250. The authority referred to in this paragraph 2.9.2 will also apply to a sale of treasury shares, which is an allotment of equity securities by virtue of section 94(3A) of the Act;
- 2.9.3 the amount standing at the date of the order made on the hearing of the application for confirmation of the reduction, to the credit of the share premium account of the Company, be reduced to US\$5 million and that the surplus thereby created form a distributable reserve;
- 2.9.4 the Company be generally and unconditionally authorised to make one or more market purchases (as defined in section 163 of the Act) of Ordinary Shares provided that the maximum aggregate number of Ordinary Shares authorised to be purchased is the number representing 14.99 per cent. of the allotted Ordinary Share capital of the Company on the date on which the Ordinary Shares are first admitted to the Official List, the minimum price which may be paid for an Ordinary Share is US\$0.01, the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is purchased, the authority expires at the conclusion of the next annual general meeting of the Company to be held in 2007 or on the date which is 18 months from the date of the passing of the resolution whichever is earlier, and the Company may make a contract to purchase Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary Shares in pursuance of any such contract after such expiry; and
- 2.9.5 conditionally upon the redemption of the Redeemable shares, to cancel the Redeemable shares and diminish the amount of the share capital of the Company accordingly.
- 2.10 It is expected that the Ordinary Shares will be allotted pursuant to a resolution of the Board (or a duly authorised committee thereof) to be passed on or before 18 October 2005 conditionally upon Admission.
- 2.11 The Directors have no present intention of issuing Ordinary Shares other than pursuant to the Placing or on exercise of Warrants.

3. LISTING

- 3.1 Application has been made to the UK Listing Authority for the entire issued ordinary share capital and all the issued Warrants of the Company following the Issue to be admitted to the Official List and to the London Stock Exchange for admission to trading of those Ordinary Shares and Warrants on its Domestic Market (a regulated market for listed securities). It is expected that such admissions will become effective and that dealings in the Ordinary Shares and the Warrants will commence on 19 October 2005.

- 3.2 The Issue is of up to 7,500,000 Ordinary Shares and up to 1,500,000 Warrants. Application has been made for the listing of these numbers of Ordinary Shares and Warrants respectively. The Placing Agent, on behalf of the Company, will notify applicants for Ordinary Shares (with Warrants) under the Placing of the number of Ordinary Shares allotted under the Placing. Dealing in Ordinary Shares allotted under the Placing may not begin until such notification is made.

4. MANDATORY BIDS, SQUEEZE-OUTS AND SELL-OUT RULES

4.1 *Mandatory bid*

The City Code will apply to the Company. Under the City Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Shares in the Company at a price not less than the highest price paid for Shares by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of Shares by a person holding (together with its concert parties) Shares carrying between 30 to 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

4.2 *Squeeze-out*

Under the Act, if a person who has made a general offer to acquire Shares were to acquire 90 per cent. of the Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Shares and then, six weeks later, executing a transfer of the outstanding Shares in its favour and paying the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

4.3 *Sell-out*

The Act gives minority Shareholders in the Company a right to be bought out in certain circumstances by a person who has made a general offer as described in paragraph 4.2 above. If, at any time before the end of the period within which the offer can be accepted, the offeror holds or has, agreed to acquire not less than 90 per cent. of the Shares, any holder of Shares to which the offer relates who has not accepted the offer can, by a written communication to the offeror, require it to acquire those Shares.

The offeror is required to give each Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is entitled and bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

5. DIRECTORS

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

| <i>Name</i> | <i>Current directorships/partnerships</i> | <i>Previous directorships/partnerships</i> |
|------------------------|---|---|
| Anthony Townsend | BRIT Insurance Holdings Plc Brit Syndicates Limited (Chairman) Brit Insurance Limited British and American Investment Trust Plc (Chairman) F & C Smaller Companies PLC Finsbury Growth & Income Trust PLC Finsbury Emerging Biotechnology Trust PLC FLIT Investments Limited Finsbury Technology Trust Plc Fintech Investments Limited Finsbury Worldwide Pharmaceutical Trust Plc iimia Investment Trust plc (Chairman) Hansa Capital Limited Oxfordshire BiotechNet Ltd (Chairman) Cranleigh School | Finsbury Smaller Quoted Companies Trust Plc Aberdeen High Income Trust plc Gartmore Balanced Assets Trust Plc The Zero Preference Growth Trust Plc iimia Investment Trust Limited Adam and Harvey Group Plc Wren Holdings Group Limited A.I.T.C. Services Ltd Metroking plc |
| Garth Milne | BFS UK Dual Return Trust plc Flawless Group Limited Invesco Perpetual UK Smaller Companies Investment Trust plc Murray Extra Return Investment Trust plc Real Estate Opportunities Limited SovGEM Limited Henderson Far East Income Trust plc Octant Holdings Limited Ludgrove School Trust Limited Utilico Emerging Markets Utilities Limited | Flawless Television Limited Aberdeen High Income Trust plc Govett Asia Income & Growth Fund plc Govett Emerging Markets Investment Trust plc Media Circus Limited Invesco Continental Smaller Companies Trust plc Metroking plc |
| Yves Kuhn | Fabien Pictet & Partners Limited | |
| Bruno Derungs | Zaico GmbH | Ocean Power Delivery Limited Pemeas GmbH Inge AG A&A Venture Limited GetAbstract AG Inova Computers GmbH Novavox AG A&A Asset Management AG |
| Alexander Perepilichny | Chorus Invest Limited Baikonur Worldwide Limited Aliondo Investments Limited Sodelem Developments Limited Statinko Limited PF Realty Limited | |

5.2 Mr Townsend was an executive director of Finville (Holdings) Limited when it was put into creditors' voluntary liquidation in January 1988. The liquidation was completed on 26 April 1996. According to the liquidators, the deficit to creditors on conclusion of the liquidation was £2,413,745.

- 5.3 At the date of this document none of the Directors:
- 5.3.1 has any unspent convictions in relation to indictable offences;
 - 5.3.2 has been bankrupt or entered into an individual voluntary arrangement;
 - 5.3.3 was (save as disclosed in paragraph 5.2 above) a director with an executive function of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements of that company or any composition or arrangement with its creditors generally or any class of its creditors;
 - 5.3.4 was a partner in a partnership at the time of or within the 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
 - 5.3.5 has had any of his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
 - 5.3.6 has been the subject of any public criticisms by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6. DIRECTORS' AND OTHER INTERESTS

- 6.1 There are no interests in the share capital of the Company which (i) have been notified by any Director to the Company pursuant to section 324 or section 328 of the Act or (ii) are required pursuant to section 325 of the Act to be entered in the register referred to in therein or (iii) are interests of a connected person or a Director which would, if the connected person were a director of the Company, be required to be disclosed under (i) or (ii) above and the existence of which is known to or could with reasonable diligence be ascertained by that Director. The following Directors, including their families and connected persons, have, however, indicated their intention of participating in the Placing for the number of Ordinary Shares set out below and the Company intends to allot these Ordinary Shares in full:

| <i>Name of Director</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of issued share capital post-Placing*</i> |
|-------------------------|--------------------------------------|---|
| Anthony Townsend | 2,000 | 0.03 |
| Garth Milne | 2,000 | 0.03 |

*on the basis that the maximum of 7,500,000 Ordinary Shares is issued pursuant to the Placing

- 6.2 Mr Kuhn is interested in the Investment Manager, which will receive fees for its services as described in paragraph 10.1 below. As such, Mr Kuhn will retire as a Director annually, as required by the Listing Rules.
- 6.3 The total emoluments receivable by the Directors and payable by the Company in respect of the accounting period of the Company ending on 31 December 2006 under the arrangements in force at the date of this document are estimated not to exceed £95,000. Mr Kuhn has agreed to waive any emoluments from the Company to which he would otherwise be entitled.
- 6.4 There are no service contracts in existence between the Company and any of the Directors, nor are any proposed.
- 6.5 Each Director has entered into terms of appointment with the Company dated 2005 under which he is appointed as a non-executive director (or in the case of Mr Townsend, as chairman and non-executive director and in the case of Mr Derungs, as chairman of the Audit Committee and senior independent director). Each Director other than Mr Kuhn also agrees to serve on the Management Engagement Committee, the Nomination Committee and the Audit Committee of the Company. The appointment is subject to the Articles, and continues until his position as a director ceases in accordance with the Articles, when it will terminate without notice, without entitlement to compensation (other than the balance of accrued fees and

expenses). The Director is subject to a confidentiality undertaking without limitation of time. He must also communicate to the Board any conflict of interest or potential conflict of interest.

- 6.6 The chairman of the board will receive a fee of £25,000 per annum, the chairman of the Audit Committee and senior independent director will receive £20,000 per annum and the other Directors will receive £15,000 per annum, with the exception of Mr Kuhn, whose fee will be waived. In addition, there will be a provision for the payment to the Directors (other than Mr Kuhn) of additional fees on a time basis in the event of a substantial escalation in the workload of the Board or individual Directors. Any such additional fees will subject to approval by the chairman for the other independent Directors and by the board as a whole for the chairman. The Directors will be reimbursed all expenses reasonably incurred in the performance of their duties.
- 6.7 The Directors are not aware of any person who immediately following the Placing may, directly or indirectly, be interested in 3 per cent. or more of the issued ordinary share capital of the Company.
- 6.8 The Directors are not aware of any person who immediately following the Placing could, directly or indirectly, jointly or severally, exercise control over the Company.
- 6.9 Save as disclosed in paragraph 6.2 above, no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Company and which has been effected by the Company since its incorporation.
- 6.10 No loan or guarantee has been granted or provided by the Company to or for the benefit of any Director.
- 6.11 The Investment Manager, either directly or through subsidiaries, may subscribe for Ordinary Shares in the Placing. The Investment Manager either directly or through subsidiaries, may also apply for Ordinary Shares in the Placing on behalf of discretionary clients.

7. WORKING CAPITAL AND INDEBTEDNESS

- 7.1 The Company has not traded. The purpose of the Placing is to raise funds with which to enable the Company to pursue the Company's investment objective by investing in accordance with the investment policy. The Company's working capital requirements, in relation to contracted obligations, are currently limited to payment of fees in relation to the Issue and the Placing, and the payment of fees, including contingent fees, to the Investment Manager, the Administrator, the Custodian, the Registrar, the Directors and the Auditor.
- 7.2 In the opinion of the Company its working capital is sufficient for its present requirements (that is, for the 12 months following Admission).
- 7.3 As at the date of this document, the Company has not incurred any indebtedness. The Company has the power to borrow — details are set out under the heading "Borrowing Policy" in Part III.
- 7.4 As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness.
- 7.5 The Company's current issued and paid-up share capital comprises £12,500 and US\$0.02.

8. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's principal objects, which are contained in its memorandum of association, include the carrying on of the business of an investment trust company. The objects of the Company are set out in full in clause 4 of the memorandum of association, which is available for inspection at the address specified in paragraph 16 below.

The articles of association of the Company (the "**Articles**") contain, *inter alia*, provisions to the following effect:

8.1 Share Capital

8.1.1 Power to attach rights

Subject to the Acts and to the rights attached to existing shares, new shares may be allotted or issued with or have attached to them such special rights or restrictions as the

Company may by ordinary resolution decide, or, if no resolution is passed, as the directors may decide.

8.1.2 Redeemable shares

Subject to the Acts and to the rights attached to existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed.

8.1.3 Variation of rights

Subject to the Acts, the rights attached to a class of shares may be varied in such manner as may be provided by those rights or, if no provision is made, either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the Articles, but not otherwise.

8.1.4 Alteration of capital

- (a) The Company may by ordinary resolution increase, consolidate or divide its share capital or may sub-divide all or any of its share capital into shares of a smaller amount, which may have a preference or be subject to a restriction, or may cancel shares which have not been taken. By special resolution the Company may reduce its capital.
- (b) Where members become entitled to fractions of a share the directors may deal with such fractions as they think fit.
- (c) Subject to the Acts, the Company may purchase, or agree to purchase in the future, any shares of any class (including redeemable shares) in its own capital in any way.

8.2 Transfer of shares

8.2.1 Certificated shares may be transferred by instrument of transfer in writing in any usual form or in another form approved by the directors. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee.

8.2.2 Uncertificated shares may be transferred in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755).

8.2.3 The directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a certificated share which is not fully paid or on which the Company has a lien, provided, in the case of a listed share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the directors may, in their absolute discretion and without giving a reason, refuse to register a transfer of a certificated share unless:

- (a) it is in respect of only one class of shares; and
- (b) it is in favour of a single transferee or not more than four joint transferees; and
- (c) it is duly stamped (if required); and
- (d) it is delivered for registration to the Company's registered office or such other place as the directors may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person where a certificate has not been issued) and such other evidence as the directors 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.

8.2.4 If the directors refuse to register the transfer of a certificated share they must, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

8.2.5 The registration of transfers may be suspended at such times and for such period (not exceeding 30 days in any one year) as the directors may decide and either generally or in respect of a particular class of shares.

8.3 Compulsory transfer of shares

8.3.1 If it shall come to the notice of the directors that any shares:

- (a) are or may be owned or held directly or beneficially by any person whose ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the directors to be relevant) might in the sole and conclusive determination of the directors cause a pecuniary or tax disadvantage to the Company; or
- (b) are or may be owned or held directly or indirectly by any other holder of shares or other securities of the Company or any person that is a pension or other benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and in the opinion of the directors the assets of the Company may be considered “plan assets” within the meaning of regulations adopted under ERISA; or
- (c) are or may be owned or held directly or beneficially such that the aggregate number of United States Persons (as defined in the Articles) who are holders or beneficial owners (which for these purposes shall include beneficial ownership by attribution pursuant to Section 3(c)(1)(A) of the United States Investment Company Act of 1940) of shares or other securities of the Company and who are Private Offering Holders (as defined in the Articles) is or may be more than 75; or
- (d) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the directors require registration of the Company as an investment company under the United States Investment Company Act of 1940,

the directors may serve a written notice (hereinafter called a “**Transfer Notice**”) upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the “**Vendor**”) of any of the shares concerned (the “**Relevant Shares**”) requiring the Vendor within 21 days (or such extended time as in all the circumstances the directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the directors, would not fall within paragraph (a), (b) or (d) above and whose ownership or holding of such shares would not result in the aggregate number of Private Offering Holders who are beneficial owners or holders of shares or other securities of the Company being 75 or more (such a person being hereinafter called an “**Eligible Transferee**”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this paragraph or paragraph 8.3.2 below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

8.3.2 If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the directors, the Company may sell the Relevant Shares on behalf of the holder thereof, subject to the Uncertificated Securities Regulations, by instructing a member firm of the London Stock Exchange to sell them at the best price reasonably obtainable at the time of sale, to any Eligible Transferee or Eligible Transferees. To give effect to a sale, the directors may authorise in writing any officer or employee of the Company or any officer or employee of the secretary of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law), or to cause the transfer of the Relevant Shares, to the purchaser and in relation to an uncertificated share may require the Operator to convert the share into certificated form in accordance with the Uncertificated Securities Regulations 2001 and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of,

or the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, will be received by the Company, whose receipt will be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person who is automatically entitled to the shares by transmission or by law to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by him or them, in the case of certificated shares, of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest will be payable on that amount and the Company will not be required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee will become absolutely entitled thereto.

8.3.3 A person who becomes aware that he falls within any of paragraphs 8.3.1(a), 8.3.1(b) or 8.3.1(d) above or, being a Private Offering Holder and a beneficial owner or holder of shares, becomes aware that the aggregate number of Private Offering Holders who are beneficial owners or holders of shares or other securities of the Company is more than 75, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to in paragraph 8.3.1 above either transfer the shares to one or more Eligible Transferees or give a request in writing to the directors for the issue of a Transfer Notice in accordance with the provisions referred to in paragraph 8.3.1 above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.

8.3.4 Subject to the provisions of the Articles, the directors will, unless any director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the directors to serve a Transfer Notice in respect thereof. The directors may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 clear days after service of the notice requiring the same) as may be specified by the directors in the said notice, the directors may, in their absolute discretion, treat any share held by such a holder or joint holders or a person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

8.3.5 The directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions referred to in paragraphs 8.3.1 and/or 8.3.2 and/or 8.3.4 above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the directors at the relevant date provided that the said powers have been exercised in good faith.

8.4 Failure to disclose interests in shares

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 212 of the Act and has failed in relation to any shares (the “**default shares**”) to give the Company the information thereby required within 14 days from the date of the notice, the following sanctions will apply unless the directors otherwise determine:

8.4.1 the member is not entitled in respect of the default shares to be present or to vote (in person or by proxy) at any general meeting or at any separate meetings of the holders of any class of shares or on a poll; and

8.4.2 where the default shares represent at least 0.25 per cent. of the nominal value of the issued shares of their class, a dividend or any other amount payable in respect of the default shares will be withheld by the Company, which will have no obligation to pay interest on it. No transfer, other than an excepted transfer, as specified in the Articles, of any of the default shares held by the member will be registered unless the member is not himself in default in supplying the information required and he proves to the satisfaction of the directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

8.5 General meetings

The Company will hold an annual general meeting once every year. Such meetings will be convened by the directors at such time and place as they think fit provided that there must not be a gap of more than fifteen months between one annual general meeting and the next. The directors may convene an extraordinary general meeting whenever they think fit.

An annual general meeting and any extraordinary general meeting at which a special resolution is to be proposed or (subject to the Acts) at which some other resolution is to be proposed of which special notice under the Act has been given to the Company will be called by not less than 21 clear days' notice. All other extraordinary general meetings will be called by not less than 14 clear days' notice.

The notice of meeting will specify, *inter alia*, whether the meeting is an annual general meeting or an extraordinary general meeting and the place, the date and the time of the meeting.

Every member can attend a general meeting in person or by proxy.

Without prejudice to any other power which he may have under the provisions of the Articles or at common law, the chairman may, without the consent of the meeting, interrupt or adjourn a meeting from time to time and from place to place or for an indefinite period if he decides that it has become necessary to do so in order to (i) secure the proper and orderly conduct of the meeting, (ii) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (iii) ensure that the business of the meeting is properly disposed of.

The right of a member to participate in the business of any general meeting will include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by legislation or the Articles to be made available at the meeting. Other than to demand a poll, a proxy appointed in accordance with the Articles may not speak at any general meeting, except with the permission of the chairman.

8.6 Voting rights

Subject to any special rights or restrictions as to voting attached to any class of shares by or in accordance with a suspension or abrogation of voting rights pursuant to the Articles (such as disenfranchisement in the event of a non-compliance in certain circumstances with a statutory notice requiring disclosure of interests in any shares as referred to in paragraph 8.4 above), at a general meeting every member present in person has on a show of hands one vote and every member present in person or by proxy has on a poll one vote for every Ordinary Share of which he is holder.

Unless otherwise decided by the directors, no member is entitled in respect of a share held by him to be present or vote at a general meeting or a separate meeting of the holders of a class of shares if a call or other amount due and payable in respect of the share is unpaid.

8.7 Directors

8.7.1 Appointment of directors

Directors may be appointed by an ordinary resolution of the Company or by the directors. A director appointed by the directors will hold office only until the next following annual general meeting and will not be taken into account in determining the directors who are to retire by rotation at that meeting.

Unless otherwise decided by the Company by ordinary resolution the number of directors is not subject to a maximum but will not be less than two.

8.7.2 Executive Directors

Subject to the Acts, the directors may appoint one or more of their number to hold employment or executive office for such term and on such other terms and conditions as (subject to the Acts) the directors think fit. The directors may revoke or terminate an appointment, without prejudice to a claim for damages for breach of the contract of service between the director and the Company or otherwise.

8.7.3 Retirement by rotation

At each annual general meeting when any one or more of the directors who are subject to retirement by rotation were last appointed or reappointed three years or more prior to the meeting or were last appointed or reappointed at the third immediately preceding annual general meeting, at the time of the meeting will have served more than eight years as a non-executive director of the Company, he or they must retire from office. If the number of directors required to retire at any annual general meeting as described above is less than one-third of the number of directors who are subject to retirement by rotation (rounded down if not a whole number), additional such directors, determined as described below, will retire from office so that the total number of such directors retiring by rotation at that annual general meeting is at least equal to one-third of the number of directors who are subject to retirement by rotation (rounded down if not a whole number), provided that if there are fewer than three directors who are subject to retirement by rotation, at least one must retire from office.

Subject to the above, the directors to retire by rotation shall include any director who wishes to retire and those who have been longest in office since their last appointment or reappointment. Where two or more directors have been in office for an equal length of time, the director to retire shall be determined by agreement between them or by lot.

8.7.4 Age limit

No person is incapable of being appointed a director if at the time of his appointment he has attained the age of 70. Special notice is not required in connection with the appointment of such person. No director of the Company is required to vacate his office because he has reached the age of 70 or another age and section 293 of the Act does not apply to the Company. Where a general meeting is convened at which a director is to be proposed for appointment or reappointment who is aged 70 or more, notice of his age shall be given in the notice of the meeting, but the accidental omission to do so does not invalidate proceedings or such appointment or reappointment.

8.7.5 Removal by resolution

The Company may by ordinary resolution remove a director before the expiration of his period in office.

8.7.6 Remuneration expenses and pensions

Unless otherwise decided by ordinary resolution the Company shall pay the directors (but not alternate directors) such amount of aggregate fees as the directors shall determine (not exceeding £150,000 per annum). The directors shall decide the proportion to be paid to each director or, if no decision is made, the aggregate fees shall be divided equally.

A director who, at the request of the directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration and expenses as the directors may decide.

Subject to the Acts, the directors may enter into an agreement or arrangement with any director for the provision of any services outside the scope of the ordinary duties of a director. Any such agreement or arrangement may be made on such terms and conditions as (subject to the Acts) the directors think fit and (without prejudice to any

other provision of the Articles) they may remunerate any such director for his services as they think fit.

A director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as director, including without limitation expenses incurred in attending meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of a class of shares or debentures.

The fee payable to an alternate director is payable out of the fee payable to his appointor.

The salary or remuneration of a director appointed to hold employment or executive office within the Company may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the directors, and may be in addition to or instead of a fee payable to him for his services as a director.

The directors may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities for a person who is or has at any time been a director of the Company or a predecessor, subsidiary or affiliate of the Company, or for his family including spouse or former spouse or dependant. The directors may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. A director or former director is not obliged to account to the Company for any benefit in kind conferred pursuant to this provision.

8.7.7 Directors' interests

A director may not vote on a resolution of the directors or committee of the directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which is, to his knowledge, a direct or indirect interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to a resolution concerning any of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings 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) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) and whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing 1 per cent. or more of either any class of the equity share capital of or the voting rights in the relevant company;
- (e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; and
- (f) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy under which he may benefit.

A director may not vote or be counted in the quorum on a resolution of the directors or committee of the directors concerning his own appointment (including without limitation fixing or varying the terms of his appointment or its termination) as the holder of an

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 without limitation fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall 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 provisions) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

A director, notwithstanding his office:

- (A) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;
- (B) may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company, and in that case on such terms as to remuneration and otherwise as the directors may decide either in addition to or instead of remuneration provided for by any other provision of the Articles;
- (C) may be a director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has a power of appointment; and
- (D) is not liable to account to the Company for a profit, remuneration or other benefit realised by such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

The Company may by ordinary resolution suspend or relax the provisions described in this paragraph 8.7.7.

8.7.8 Borrowing powers

Subject to restrictions imposed by the Articles, the directors may exercise all the powers of the Company to borrow and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Acts, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

The directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to procure (as regards subsidiary undertakings, to the extent possible) that the aggregate principal amount from time to time outstanding in respect of all moneys borrowed (as defined in the Articles) by the group (exclusive of borrowing intra-group) does not at any time without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 30 per cent. of the adjusted capital and reserves of the Company (as more particularly referred to in the Articles). Notwithstanding the foregoing, the board shall not be regarded as having breached this provision if the board was in compliance with the provision when borrowings were incurred but, because of changes in the adjusted capital and reserves (rather than because of an increase in borrowings), the group's borrowings exceed, a sum equal to 30 per cent. of the adjusted capital and reserves.

8.8 Dividends

Subject to the Acts and the Articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests, but no dividend may exceed the amount recommended by the directors.

No dividend shall be payable except out of the profits of the Company and otherwise in accordance with the Acts, but capital profits and surpluses arising from the realisation of investments will not be available for dividend or, subject as referred to in paragraph 8.9 below, other distribution.

Subject to the Acts, the directors may declare and pay such interim dividends as appear justified by the profits of the Company available for distribution. No interim dividend shall be declared or paid on shares which do not confer preferred rights with regard to dividend if, at the time of declaration, any dividend on shares which do confer a right to a preferred dividend is in arrears.

Except as otherwise provided by the rights attached to shares, a dividend will be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for these purposes as paid up on the share. Except as otherwise so provided, dividends will be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Dividends unclaimed for a period of 12 years after having been declared or become due for payment are forfeited and cease to remain owing by the Company.

8.9 Capital reserve

The directors shall establish a reserve to be called the "capital reserve" and will either carry to the credit of such reserve from time to time, or apply in providing for depreciation or contingencies, all capital profits realised on or derived or arising from the sale, transfer, conversion, payment off or realisation of any investments or other capital assets of the Company in excess of the book value thereof, all other capital profits (having the same meaning as in section 266 of the Act), and all unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets. Any losses realised on the sale, transfer, conversion, payment off or realisation of any investment or other capital assets and provisions in respect of the diminution in value or depreciation in the value of capital assets will be carried to the debit of the capital reserve except in so far as the directors may in their discretion decide to make good the same out of other funds of the company. The directors may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. No part of the capital reserve or any other moneys in the nature of accretion to capital shall in any event be transferred to revenue account or be regarded or treated as profits of the Company available for distribution as dividend (having the same meaning as in section 842 of the Income and Corporation Taxes Act 1988) or otherwise applied in paying dividends on any shares in the Company's capital or, subject as follows, be available for distribution (within the meaning given by section 263 of the Act) to the intent that, subject as follows, distribution (within the meaning given by section 263 of the Act) of the Company's capital profits (having the same meaning as in section 266 of the Act) is prohibited.

Notwithstanding any other provision of the Articles, the Company is not prohibited from redeeming or purchasing its own shares in accordance with section 160 or 162 of the Act out of its capital profits or other amounts standing to the capital reserve.

8.10 Capitalisation of profits

Subject to the Acts, the directors may with the authority of an ordinary resolution resolve to capitalise an amount standing to the credit of reserves whether or not available for distribution, appropriate the sum resolved to be capitalised to the members who, in the case of any amount capable of being distributed by way of dividend, would have been entitled thereto if so distributed or, in the case of any amount not so capable, to the members who would have been entitled thereto on a winding-up of the Company and in either case in the same proportions and apply that sum on their behalf in paying up amounts unpaid on shares held by them or paying up in full unissued shares or debentures of a nominal amount equal to that sum and the directors may make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve.

8.11 Duration of the Company

8.11.1 The Company shall, subject as provided in paragraph 8.11.2 below, have a fixed life to 30 September 2020. The directors will convene an extraordinary general meeting of the

Company to be held on the date on which the Company's fixed life is so due to end or, if that is not a Business Day, on the immediately preceding business day, at which a special resolution will be proposed pursuant to section 84 of the Insolvency Act 1986 requiring the Company to be wound up voluntarily and the Articles contain provisions to ensure that a special resolution proposed at that meeting that the Company be wound up will be passed.

8.11.2 The directors, in their discretion, may convene an extraordinary general meeting of the Company in the year 2015, at which they may propose a special resolution pursuant to section 84 of the Insolvency Act 1986 requiring the Company to be wound up voluntarily on the date specified in the notice of that meeting and the Articles contain provisions to ensure that a special resolution proposed at that meeting that the Company be wound up will be passed.

8.12 Distribution of assets on liquidation

As the Company will have only one class of shares, the holders of its shares will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

On a winding up the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company. For this purpose, the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out or vest the whole or any part of the assets in trustees. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

8.13 Untraced shareholders

The Company may, after advertising its intention in the manner and for such period as is prescribed in the Articles and subject to the Uncertificated Securities Regulations 2001, sell any shares if the shares have been in issue for at least 12 years and during that period at least three cash dividends have become payable on them, no cheque or warrant or money order payable on the share sent to the member has been cashed, no payment made by the Company has been claimed or accepted and the Company has not received any communication during the relevant period from the member or the person entitled to them by transmission. Upon such sale, the Company will become indebted to the former holder of the shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

8.14 Indemnity

Subject to the Acts, but without prejudice to any indemnity to which he may be entitled, every person who is or was a director or other officer of the Company (other than any person (whether or not an officer of the Company) engaged by the Company as auditor) shall be and shall be kept indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him (whether in connection with any negligence, default breach of duty or breach of trust by him or otherwise) in relation to the Company or its affairs.

In addition, without prejudice to the indemnity referred to above or any other indemnity to which a director may be entitled, and to the extent permitted by the Act and otherwise upon such terms and conditions as the directors may in their absolute discretion think fit, the directors shall have the power to do anything to provide a director with funds to meet expenditure incurred by him in defending any criminal or civil proceedings or to enable a director to avoid incurring any such expenditure.

8.15 Non-United Kingdom shareholders

Members with registered addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices may be served.

8.16 Corporate representatives

A company which is a member may, by resolution of its directors or other governing body, whether or not expressed to be pursuant to any provision of the Acts, authorise one or more persons to act as its representatives at a meeting or at a separate meeting of the holders of a class of shares (a “**representative**”). Each representative is entitled to exercise on behalf of the company (in respect of that part of the company’s holding of shares to which the authorisation relates) those powers that the company could exercise if it were an individual member. The company is for the purposes of the Articles deemed to be present in person at a meeting if a representative is present. A director, the secretary or other person authorised for the purpose by the secretary may require a representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

8.17 Redeemable shares

The Redeemable shares of £1 each in the Company:

- (a) confer no right to receive notice of, or to attend or vote at, general meetings except where the rights of holders of Redeemable shares are to be varied or abrogated;
- (b) confer a right to receive out of the profits of the Company available for distribution and resolved to be distributed a fixed dividend at the annual rate (excluding the amount of any associated tax credit) of 0.01 per cent. on their nominal amount payable annually in arrear on 31 December in each year, but carry no further rights whatsoever to share in the profits of the Company;
- (c) on a winding up or return of capital, confer the right to be paid, out of the assets of the Company available for distribution, the capital paid up on such shares *pari passu* with, and in proportion to, any amounts of capital paid to the holders of the Ordinary Shares, but do not confer any further right to participate in the surplus assets of the Company; and
- (d) are capable of being redeemed by the Company at any time on payment to the holder of the amount of capital paid up on his shares,
but confer no other rights whatsoever.

9. PLACING ARRANGEMENTS

9.1 By a placing agency agreement (the “Placing Agency Agreement”) dated 27 September 2005 between the Company, the Investment Manager and the Placing Agent, the Placing Agent has undertaken as agent of the Company, subject to certain conditions, (i) to use its reasonable endeavours to procure subscribers in the Placing for up to 7,500,000 Ordinary Shares (with Warrants attached) at US\$10 per Ordinary Share and (ii) to effect the Placing. If the Placing Agent does not procure subscribers the Placing Agent is under no obligation to subscribe itself.

9.2 The obligations of the Placing Agent under the Placing Agency Agreement are subject, *inter alia*, to the UK Listing Authority admitting the Ordinary Shares to the Official List and the London Stock Exchange admitting the Ordinary Shares to trading, in each case by 19 October 2005, or such later date, not being later than 19 November 2005, as shall be agreed between the Company and the Placing Agent and to not less than 2,500,000 Shares being subscribed pursuant to the Placing.

9.3 Under the Placing Agency Agreement, the Company will pay to the Placing Agent:

- (a) a commission equal to 2.5 per cent. of the proceeds of the Placing (the “Placing Proceeds”) which are equal to or less than US\$50,000,000; plus
- (b) if the Placing Proceeds are in excess of US\$50,000,000, a commission equal to:
 - (i) 2.5 per cent. of the Placing Proceeds in excess of US\$50,000,000 which are attributable to the Placing Proceeds received from Placees who are not determined by the parties to be FPP Placees; and
 - (ii) 1.25 per cent. of the Placing Proceeds in excess of US\$50,000,000 which are attributable to Placing Proceeds received from Placees who are determined between the Placing Agent and the Investment Manager to be FPP Placees (and

for the avoidance of doubt, Placing Proceeds which are attributable to FPP Places shall be deemed to be the last Placing Proceeds received by the Company),

in each case together with any VAT chargeable thereon (if applicable).

- 9.4 The Company shall reimburse the Placing Agent for all costs and expenses properly incurred by the Placing Agent in the performance of its duties under this Agreement.
- 9.5 Under the Placing Agency Agreement, which may be terminated by the Placing Agent in certain circumstances prior to Admission, certain warranties and indemnities have been given to the Placing Agent by the Company and the Investment Manager.

10. 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 and there are no other contracts entered into by the Company which include an obligation or entitlement, which is material to the Company at the date of this document:

- 10.1 an investment management agreement dated 27 September 2005 between the Company and the Investment Manager (the "Investment Management Agreement"), whereby the Investment Manager, subject to the overall supervision of the Directors, was appointed as the Company's investment manager and under the terms of which the Investment Manager acts as investment manager of the assets of the Company and provides or procures the provision of investment advice to the Company. The Investment Management Agreement has no fixed term. It may be terminated by any party on giving not less than twelve months' notice in writing to expire not earlier than two years from the date of Admission (or such shorter period of written notice as the other party may accept). However, it may be terminated by either party with immediate effect in certain circumstances, including if there is a material breach which is not rectified within 30 days of written notice to rectify by a party of its material obligations under the Investment Management Agreement or upon the insolvency of a party.

Pursuant to the terms of the Investment Management Agreement, the Investment Manager is paid periodic fees monthly in arrear at a rate equivalent to 2 per cent. per annum of the Net Asset Value of the Company (before deduction of accruals in respect of the management fee for the current month and any performance fee) as at each month end, together with an amount equal to any VAT thereon. In addition, in certain circumstances, the Investment Manager will also be entitled to a performance fee as more particularly described in Part III.

In the event that the Investment Management Agreement is terminated by the Company (other than for cause) or by the Investment Manager for cause, the Investment Manager will be entitled to receive from the Company additional amounts as follows:

- (a) additional payments will be made in relation to the performance of Investments ("Relevant PE Investments") in Private Equity initiated by the Investment Manager during the term of this Agreement and still held by the Company on the date of termination;
- (b) the additional payments will be payable by reference to the increase in value of the Relevant PE Investments over the course of each "post-termination performance period", commencing on the date of termination. The first post-termination performance period begins on the date of termination and ends on the following 31 December, and each subsequent post-termination performance period is a period of one year ending on 31 December in each year (until the earlier of the winding-up of the Company or the disposal by the Company of its last holding of Relevant PE Investments). The performance fee payable as described in this paragraph will be payable within 10 business days of finalisation of the financial statements of the Company for the period ending on the last day of the post-termination performance period.
- (c) An additional amount will be payable in respect of any post-termination performance period if the sum of the aggregate value of all Relevant PE Investments (calculated in accordance with the Company's valuation policies and as described in this Prospectus) and the amount of any proceeds of disposal thereof and/or distribution received therefrom in either case after the date of termination is greater than the highest of

(i) the aggregate original acquisition cost (including expenses of acquisition) of all Relevant PE Investments, (ii) the aggregate value of the Relevant PE Investments on the date of termination and (iii) the aggregate value of the Relevant PE Investments at the end of the post-termination performance period (if any) in respect of which additional amounts were last payable as described in this paragraph, and in such event will be equal to 15 per cent. of the difference.

The Investment Manager will be entitled to be reimbursed on invoice all commissions, transfer fees, registration fees, stamp duty and similar liabilities properly incurred on behalf of the Company in the performance of its duties to the Company and any other costs incurred with the prior written consent of the Board. The Investment Manager's travel costs shall be for its own account.

The Investment Management Agreement contains provisions under which the Company exempts the Investment Manager from liability and indemnifies the Investment Manager against liability in the absence of negligence, wilful default or fraud or material breach of its obligations under the Investment Management Agreement and permits the Investment Manager and its associates to deal with parties other than the Company. These exemptions from liability and indemnities are of a customary nature for contracts of this type;

- 10.2 the investment advisory agreement ("Investment Advisory Agreement"), dated 27 September 2005 between the Company, the Investment Manager and the Investment Adviser whereby the Investment Adviser was appointed as investment adviser to the Investment Manager and under the terms of which the Investment Adviser acts as investment adviser in relation to the private equity investments of the Company. The investment advisory obligations of the Investment Adviser under the Investment Advisory Agreement are conditional upon, and take effect from the date of, the Investment Adviser being authorised by the Cyprus Securities and Exchange Commission to provide the investment advisory services under such agreement. Pending such authorisation, the Investment Adviser is obliged to make available the services of Messrs Hawrylyshyn and Schekaturov as consultants to the Investment Manager (on a part time basis for no additional consideration). If such authorisation is not obtained by 1 February 2006 (or such later date as the Company and the Investment Manager may agree), the Investment Advisory Agreement shall lapse and be of no further effect. The Investment Advisory Agreement has no fixed term. It may be terminated by any party on giving not less than six months' notice in writing to expire not earlier than two years from the date of Admission. However, it may be terminated by the Investment Manager if the Investment Management Agreement is terminated. It may be terminated with immediate effect by the Company or the Investment Manager in certain circumstances, including if there is a material breach by the Investment Adviser of a material obligation of the Investment Advisory Agreement which is not rectified within 14 days of written notice to rectify or upon the insolvency of the Investment Adviser. The Company and the Investment Manager may also terminate the Investment Advisory Agreement by giving three months' notice if any one of the key executives of the Investment Advisers ceases to be a full time active executive director or employee of the Investment Adviser.

The Investment Manager is responsible for the fees of the Investment Adviser.

The Investment Adviser shall render its services at its own expense, save that all travel and out-of-pocket expenses reasonably incurred by the Investment Adviser in making visits to the Directors and, at the Directors' request, to the Shareholders shall be paid by the Company.

The Investment Advisory Agreement contains provisions under which the Company and the Investment Manager exempts the Investment Adviser from liability and the Company indemnifies the Investment Adviser against liability in the absence of negligence, wilful default or fraud. These exemptions from liability and indemnities are of a customary nature for contracts of this type;

- 10.3 the administration and secretarial agreement ("Administration Agreement"), dated 27 September 2005, between the Company and the Administrator whereby the Administrator was appointed to act as administrator and secretary of the Company.

The Administrator is entitled to a fee in respect of the administrative services that it provides under the Administration Agreement of 0.1 per cent. per annum of the gross assets of the

Company immediately after the Issue, subject to a minimum fee of £30,000 per annum. The Administrator is also entitled to a fee of £15,000 per annum in respect of the company secretarial services that it provides under the Administration Agreement. The Administrator's fees are paid monthly in arrear.

The Administration Agreement contains provisions under which the Company exempts the Administrator from liability and indemnifies the Administrator against liability in the absence of bad faith, breach of duty, or any term of the Administration Agreement, or negligence for all liabilities, losses, actions, proceedings, claims and costs, demands and expenses suffered by the Administrator. These exemptions from liability and indemnities are of a customary nature for contracts of this type.

The Administration Agreement may be terminated on not less than six months' notice in writing not to expire prior to the first anniversary of the date of Admission or immediately where:

- (i) either party materially breaches the terms of the Administration Agreement and such breach is incapable of remedy within 30 days; or
- (ii) the Administrator commences liquidation proceedings.

Upon termination, the Administrator will be entitled to receive all fees accrued due to the date of termination;

- 10.4 the custody agreement ("Custody Agreement"), dated 27 September 2005, between the Company and the Custodian pursuant to which the Company appoints the Custodian to act as custodian of the Company's investments, cash and other assets and to accept responsibility for the safe custody of the property of the Company including, in the case of unquoted investments registered in the name of the Company, physical custody of certificates representing the same. The Custody Agreement may be terminated by either the Company or the Custodian giving to the other not less than 60 days' written notice. The Custodian is entitled to receive a quarterly fee in arrear at a rate equivalent to 20 basis points per annum for Ukrainian securities in its custody, with a minimum fee of Euros 500 per quarter (plus transaction charges). The Custody Agreement (which is governed by Austrian law) contains customary warranties and indemnities given by the Company to the Custodian. Under the Custody Agreement the Company grants a lien in favour of the Custodian over any securities deposited on the securities account or any cash deposited on the cash account to the extent of any claims, charges or outstanding debts owed by the Company to the Custodian;
- 10.5 the registrar agreement ("Registrar Agreement") dated 27 September 2005, between the Company and the Registrar pursuant to which the Company appoints the Registrar to act as receiving agent and registrar. The Registrar Agreement may be terminated by either party on the giving of not less than six months' notice, such notice not to expire before the third anniversary of the date of Admission. However, it may be terminated by either party with immediate effect in certain circumstances, including if there is a persistent or material breach which is not rectified within 21 days of notice to rectify by a party of any term of the Registrar Agreement or upon the insolvency of a party. The Registrar is entitled to receive a monthly fee in arrear based on the number of Shareholders, subject to a minimum fee of £1,500 per annum. The Registrar Agreement contains customary warranties and indemnities given by the Company to the Registrar; and
- 10.6 the Placing Agency Agreement referred to in of this Part VI.

11. TAXATION

The following statements are intended only as a general guide to current United Kingdom tax legislation and to the current practice of HM Revenue & Customs in the United Kingdom (the "**Revenue**") and may not apply to certain Shareholders or Warranholders, such as dealers in securities. They are based upon, and constitute a non-exhaustive summary of, the law and practice currently in force and are subject to changes therein.

Potential investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares or Warrants under the laws of their country and/or state of citizenship, domicile or residence.

United Kingdom

11.1 The Company

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust set out in Section 842. Such approval is granted retrospectively for each accounting period. Among the conditions for approval, the Company must not be a close company for the purposes of the Income and Corporation Taxes Act 1988 and the Directors consider that this condition will be satisfied immediately following the Placing. The Company will be exempt from United Kingdom corporation tax on chargeable gains in respect of each accounting period for which the Company is approved as an investment trust.

The income of the Company will be subject to United Kingdom corporation tax to the extent that it does not consist of dividends received from UK companies. Income arising from overseas investments may, in addition, be subject to foreign withholding taxes at varying rates. The Company may be entitled to double tax relief in respect of all or part of any such withholding taxes, thereby reducing its liability to corporation tax. In addition, in certain circumstances, where the Company holds shares in a company resident for United Kingdom taxation purposes outside the United Kingdom and receives a dividend from such a company, the Company may be entitled to double tax relief in respect of taxes suffered by the non-UK resident company on its profits, thereby further reducing the Company's liability to mainstream corporation tax.

11.2 Shareholders and Warranholders

11.2.1 Capital gains

Shareholders or Warranholders who are for the purposes of United Kingdom taxation resident or ordinarily resident in the United Kingdom may, depending upon their personal circumstances, be liable to United Kingdom taxation on chargeable gains arising from the sale or other disposal for the purposes of the Taxation of Chargeable Gains Act 1992 (which includes disposal upon a winding-up of the Company) of their Ordinary Shares or Warrants.

Shareholders or Warranholders who are not for the purposes of United Kingdom taxation resident or ordinarily resident in the United Kingdom will not normally be liable to United Kingdom taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares or Warrants unless those Ordinary Shares or Warrants are held through or for a United Kingdom permanent establishment (in the case of corporate Shareholders or Warranholders) or a branch or agency (in the case of non-corporate Shareholders or Warranholders) through which the Shareholder or Warranholder carries on a trade in the United Kingdom.

For Shareholders or Warranholders who are for the purposes of United Kingdom taxation resident in the United Kingdom and who are individuals, taper relief will be available on a subsequent disposal of the Ordinary Shares or Warrants by such a Shareholder or Warranholder which may reduce the amount of the chargeable gain depending on the period for which the Ordinary Shares or Warrants have been held.

Shareholders or Warranholders which are companies resident in the United Kingdom for the purposes of United Kingdom taxation or which are otherwise liable to United Kingdom corporation tax in respect of chargeable gains will benefit from the indexation allowance in computing chargeable gains.

For the purpose of the charge to United Kingdom taxation on chargeable gains:

- (i) the cost of acquiring Ordinary Shares and Warrants under the Offer will be apportioned between the Ordinary Shares and the Warrants on the basis of their respective values at the date of allotment, which basis should not be significantly different from the ratio which the market value of the Ordinary Shares bears to the market value of the Warrants on the first day on which the Ordinary Shares and Warrants are dealt in separately; details of the appropriate market values will appear in the report and accounts of the Company for the period ending 31 December 2006;

- (ii) the Warrants will not constitute “wasting assets” for the purposes of the Taxation of Chargeable Gains Act 1992 and on a disposal of Warrants (which includes abandonment) the full cost of those Warrants will be allowed in computing any chargeable gain or allowable loss for the purposes of the Taxation of Chargeable Gains Act 1992; and
- (iii) a Warrantholder who exercises the subscription rights conferred by the Warrants will not thereby be treated as disposing of the Warrants for the purposes of the Taxation of Chargeable Gains Act 1992, but the cost of acquiring the Warrants will be added to the amount paid on exercise of the rights in computing the acquisition cost of the new Ordinary Shares.

11.2.2 Dividends

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

Shareholders which are companies resident in the United Kingdom for the purposes of United Kingdom taxation will not generally be subject to corporation tax on dividends received from the Company.

Dividends paid to Shareholders who are individuals resident in the United Kingdom for United Kingdom taxation purposes will carry a tax credit equal to 1/9th of the dividend paid (or 10 per cent. of the combined amount of the dividend and the tax credit). The liability to income tax of starting and basic rate taxpayers will be satisfied by such tax credit. Shareholders who are liable to income tax at the higher rate will be liable to income tax at the rate of 32.5 per cent. on the combined amount of the dividend and the tax credit. Such Shareholders will, however, be able to offset the tax credit against this liability, so that they will be liable to pay additional income tax at the rate of 22.5 per cent. of the combined amount of the dividend and the tax credit.

Individual Shareholders who are resident in the United Kingdom for United Kingdom taxation purposes will not be entitled to claim payment of any part of the tax credit from the Revenue.

Shareholders who are individuals resident for United Kingdom taxation purposes in countries other than the United Kingdom but who are Commonwealth citizens, nationals of the European Economic Area, residents of the Isle of Man or the Channel Islands or certain other persons should be entitled to a tax credit on dividends received from the Company which they may set off against their total United Kingdom income tax liabilities. Whether other Shareholders who are resident for United Kingdom taxation purposes in countries other than the United Kingdom are entitled to obtain a tax credit in respect of dividends received from the Company will depend, in general, upon the provisions of any double taxation convention which exists between such countries and the United Kingdom. However, individual Shareholders who are resident for the United Kingdom taxation purposes in countries other than the United Kingdom will not be able to claim payment of any part of any such tax credit from the Revenue. Whether or not they are entitled to a tax credit in respect of dividends received from the company, Shareholders who are resident for United Kingdom taxation purposes in countries other than the United Kingdom will not generally be subject to United Kingdom taxation in respect of the dividend itself unless they carry on a trade in the United Kingdom through, and their Shares are held through or for, a permanent establishment (in the case of a corporate Shareholder) or a branch or agency (in the case of a non-corporate Shareholder).

Any person who is not so resident in the United Kingdom should consult his own tax adviser concerning his tax liability on dividends received, whether he is entitled to claim any part of the tax credit and, if so, as to the procedure.

11.3 Stamp Duty and Stamp Duty Reserve Tax

The Directors have been advised that:

- 11.3.1 no United Kingdom stamp duty or stamp duty reserve tax will be payable on the issue of the Ordinary Shares or the Warrants;
- 11.3.2 no charge to United Kingdom stamp duty or stamp duty reserve tax will arise on the exercise of Warrants or the issue of new Ordinary Shares consequent thereon;
- 11.3.3 the conveyance or transfer on sale of Ordinary Shares or Warrants held outside the CREST System will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration rounded up, if necessary, to the nearest multiple of £5. An obligation to account for stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration may also arise if an unconditional agreement to transfer such Ordinary Shares or Warrants is not completed by a duly stamped instrument of transfer before the stamp duty reserve tax “accountable date” (being the seventh day of the month following that in which the agreement was made). However, where within six years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to stamp duty reserve tax will be cancelled or repaid; and
- 11.3.4 the transfer of Ordinary Shares or Warrants held within the CREST System in uncertificated form will generally attract a liability to stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration, payable by the fourteenth day following the date of the unconditional agreement for transfer of those shares or Warrants.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or stamp duty reserve tax, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986 (SI 1986/1711). The above statements regarding stamp duty and stamp duty reserve tax do not apply to the issue or transfer of Ordinary Shares or Warrants in circumstances where the person to whom such Ordinary Shares or Warrants are issued or transferred is, or is a nominee or agent for, either a person whose business is or includes issuing depository receipts or a person whose business is or includes the provision of clearance services for the purchase or sale of chargeable securities: in such circumstances the issue or transfer of Ordinary Shares or Warrants may attract liability to stamp duty and/or stamp duty reserve tax, and at higher rates than those referred to above.

11.4 PEPs and ISAs

Due to the Company’s investment objective, which contemplates investment of a significant proportion of the Company’s assets in unquoted companies, the Ordinary Shares are not expected to be qualifying investments for plans for the purposes of the PEP Regulations or qualifying investments for the stocks and shares component of an ISA for the purposes of the ISA Regulations. The Warrants are not eligible investments for a PEP or an ISA.

11.5 The European Union Savings Directive

As the Company would not be regarded as an “undertaking for collective investment” for the purposes of the European Savings Directive 2003/48/EC (the “Directive”), it is not believed that the Directive should apply to the Company or the Administrator. Where the Directive applies to an undertaking for collective investment which has the relevant percentage of its assets invested in debt instruments as defined in the Directive, a paying agent in a Member State such as the Administrator is required to provide to its home tax authorities details of payments of interest or, (as relevant to the Company) deemed interest paid by the paying agent on or after 1 July 2005 to or for the benefit of an individual resident in another Member State which will be shared with the tax authorities of that other Member State.

Ukraine

The Directors intend that the affairs of the Company should be conducted so that it does not become resident in Ukraine for Ukrainian tax purposes.

Similarly, the Directors do not intend that the Company will carry on a trade in Ukraine through a permanent establishment situated therein for Ukraine taxation purposes. However, the

Company will be deemed to carry on business activities in Ukraine for Ukraine tax purposes as a result of any direct holding of shares in Ukrainian companies. As a result, the Company will be subject to Ukraine profits tax at the rate of 15 per cent. in relation to gains made on the sale of shares in Ukrainian companies unless an applicable bilateral double taxation treaty provides otherwise. The UK-Ukraine tax treaty will not allow relief from such Ukrainian taxation throughout the period that the Company is approved as an investment trust and is thus exempt from UK taxation on capital gains.

Ukraine profits tax is required to be withheld by Ukrainian companies at the rate of 15 per cent. in relation to interest, dividend and certain other income paid to a non-Ukraine resident person such as the Company. The 15 per cent. withholding in relation to dividends is reduced under the UK-Ukraine Double Tax Treaty to 10 per cent. (or to 5 per cent. if the investor holds at least 20 per cent. of the share capital of the company concerned). The withholding in relation to interest is reduced under this treaty from 15 per cent. to 0 per cent. These treaty benefits may only be obtained by the Company at such time as it is (i) resident in the UK for the purposes of the UK-Ukraine Double Tax Treaty, (ii) beneficially entitled to the income in question, and (iii) subject to taxation with respect to such income in the UK.

Many investments in Ukrainian companies are made via offshore companies, typically companies incorporated in Cyprus. Where investment is made via such holding companies, tax treaty relief may be available under the Ukraine-Cyprus Double Tax Treaty such that the Ukrainian tax in relation to capital gains, dividends and interest is reduced to zero. In these circumstances there may be tax in the jurisdiction of the holding company on receipts from the Ukrainian company in which such holding company invests.

A foreign exchange tax is or may be payable in Ukraine on foreign exchange transactions involving Ukrainian currency (hryvnia), the precise nature and extent of which is uncertain, but appears to be at a rate of up to 1.5 per cent. It is not clear whether this tax will apply to the Company, or whether this tax will, if payable, be payable at that rate.

Any person who is in any doubt as to his tax position or requires more detailed information than the general outline above should consult his professional advisers.

12. SOURCES

The statements (other than the last two paragraphs) under the heading “Politics” in Part II “Ukraine” have been taken from the EIU Report.

The statements under the heading “The Economy” in Part II “Ukraine” have been taken from the EIU Report.

The statements under the heading “Recent Economic Performance” in Part II “Ukraine” have been taken from the EIU Report.

The statements under the heading “Major Industry Sectors and Business Environment” in Part II “Ukraine” have been taken from the EIU Report.

The statements under the heading “Securities Markets and Privatisation” in Part II “Ukraine” have been taken from the EIU Report.

The information referred to above has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the referenced third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

13. GENERAL

13.1 The Directors confirm that the Company has not commenced operations, nor have any accounts been made up since incorporation. The Company is not and has not been involved in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.

13.2 The Directors confirm that there has been no significant change in the financial or trading position of the Company since its incorporation.

- 13.3 The preliminary expenses of the Company and the costs and expenses of, and incidental to, the Placing and the admission of the Ordinary Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange (including any irrecoverable VAT thereon) are expected to amount to up to approximately US\$2.6 million. Assuming the Placing is fully subscribed, the net proceeds of the Placing will be approximately US\$72.4 million and will be available for investment by the Company.
- 13.4 The Placing Price of US\$10 per Ordinary Share represents a premium of US\$9.99 over the nominal value of US\$0.01 per Ordinary Share.
- 13.5 The Investment Manager may be a promoter of the Company and will or may receive management fees and other payments from the Company as described in paragraph 10.1 above. In addition companies in the Investment Manager's group may receive commissions and other payments from the Placing Agent in relation to subscriptions for Ordinary Shares (with Warrants). The Placing Agent may be a promoter of the Company and will or may receive fees and other payments from the Company as described in paragraph 9 above. The Investment Adviser may be a promoter of the Company and will or may receive fees and other payments as described in paragraph 10.2 above. Save as disclosed in this paragraph, no amount or benefit has been paid or given to the Investment Manager, the Placing Agent or the Investment Adviser by the Company and none is intended to be paid or given.
- 13.6 KPMG Audit PLC have been the only auditors of the Company since incorporation.
- 13.7 The Company has no, and has not had any, subsidiaries. The Company does not have and does not expect that it will have, nor has it had since its incorporation, any employees and it neither owns nor occupies any premises.
- 13.8 The principal place of business and registered office of the Company is at 23 Cathedral Yard, Exeter EH1 1HB which is also the business address of the Directors and the place where the Company's statutory records are maintained.
- 13.9 No application is being made for the Ordinary Shares or the Warrants to be listed or dealt in on any stock exchange or investment exchange other than to the Official List of the UK Listing Authority and to trading on the London Stock Exchange.
- 13.10 Certificates in respect of Ordinary Shares and Warrants are expected to be despatched from 24 October 2005. Stock accounts of participants in the Placing who elect to receive their Ordinary Shares and Warrants through the CREST System will be credited by 19 October 2005.
- 13.11 No securities have been sold or are available in whole or in part to the public in connection with the Placing.
- 13.12 All Ordinary Shares to be made available in connection with the Placing are offered for subscription. No Ordinary Shares are offered for sale.
- 13.13 Applications to subscribe for Ordinary Shares were only accepted on the terms of, and by executing and returning to UFG (in accordance with the instructions thereon), a placing letter on or before 9.00 a.m. on 17 October 2005.
- 13.14 The Company's obligation to issue Ordinary Shares will be conditional on (a) Admission occurring; (b) the Placing Agency Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission and (c) Placing commitments in respect of not less than 2,500,000 Shares being received pursuant to the Placing.
- 13.15 The Issue is not divided into tranches and there is no pre-determined policy of offering preferential treatment as between applications to any investor or potential investor (whether specifically, as part of a class, by reason of the identity of the person through whom the application is made or otherwise).
- 13.16 There is no over-allotment or green-shoe facility.
- 13.17 The Ordinary Shares will be issued on a non-pre-emptive basis to facilitate the raising of funds to allow the Company to begin to pursue its investment objective. The Placing Price has been determined with a view to the needs of the Company for proceeds to fund its investment activities.

- 13.18 The Company is not (and is not required to be) regulated or authorised by the FSA under FSMA but, in common with other investment trusts listed on the Official List, is subject to the Listing Rules and the Disclosure Rules made by the FSA and is bound to comply with applicable law including the Act and FSMA.
- 13.19 The Investment Manager is regulated by the FSA in the conduct of its investment business. It is a private limited company incorporated and domiciled in England and Wales. Its registration number is 03525987. It was incorporated on 6 March 1998 and its registered office is at 34 Brook Street, London W1K 5DN and its telephone number is +44 207 647 9100.
- 13.20 Raiffeisen Zentralbank Österreich AG is the custodian of the Company's assets. It is a joint stock company, incorporated and domiciled in Austria. Its registration number is FN 58882t. It was founded on 16 August 1927 and its registered office is at Am Stadtpark 9, A-1030 Vienna, Austria. The Custodian is regulated by Finanzmarktaufsichtsbehörde, the Austrian Financial Market Authority.
- 13.21 No person has been authorised to give any information or to make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any circumstances in which such offer or solicitation is unlawful. The delivery of this document shall not under any circumstances imply that the information contained herein is correct as at any time subsequent to the date hereof or that there has not been any change in the affairs of the Company since the date hereof.

14. OVERSEAS INVESTORS

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 or Warrants nor should he in any event acquire, subscribe for or purchase Ordinary Shares or Warrants 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 or Warrants 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.

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.

15. AVAILABILITY OF THE PROSPECTUS

Copies of this document are available for viewing only during normal business hours, free of charge at The Document Viewing Facility, The Financial Services Authority, 25 North Colonnade, Canary Wharf, London E14 6HS and from the Company at 23 Cathedral Yard, Exeter EH1 1HB. Copies of this document may also be collected, free of charge during normal business hours, from the Company at 23 Cathedral Yard, Exeter EX1 1HB and from UFG, 1 Naousis Street, Larnica, Cyprus.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the offices of Dechert LLP, 2 Serjeants' Inn, London EC4Y 1LT and at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 14 days following the date of this document:

- 16.1 the Memorandum and Articles of Association of the Company;
- 16.2 the terms of appointment of Directors referred to in paragraph 6.5 above;
- 16.3 the material contracts referred to in paragraph 10 above;
- 16.4 the Warrant Instrument; and
- 16.5 this document.

DATED 27 September 2005

DEFINITIONS

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

| | |
|---|---|
| “Act” or “Companies Act” | Companies Act 1985 (as amended) |
| “Acts” | the Act and all statutes and subordinate legislation made thereunder, for the time being in force concerning companies and affecting the Company |
| “Administration Agreement” | the administration and secretarial agreement between the Company and the Administrator, further details of which are set out in paragraph 10.3 of Part VI |
| “Administrator” | Sinclair Henderson Limited |
| “Admission” | admission both to the Official List of the UK Listing Authority and to trading on the London Stock Exchange of the Ordinary Shares to be issued under the Placing becoming effective in accordance with the Listing Rules of the UK Listing Authority and the Admission and Disclosure Standards of the London Stock Exchange, respectively |
| “Articles” | the articles of association of the Company in force from time to time |
| “certificated” or “in certificated form” | in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST) |
| “City Code” | the UK City Code on Takeovers and Mergers |
| “Combined Code” | the principles of good governance and the code of best practice annexed to the Listing Rules |
| “Company” | The Ukraine Opportunity Trust PLC |
| “Court” | the High Court of England and Wales |
| “CREST” or “CREST UK system” | the paperless settlement procedure operated by CRESTCo enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument |
| “CRESTCo” | CRESTCo Limited |
| “Custodian” | Raiffeisen Zentralbank Österreich AG |
| “Custody Agreement” | the custody agreement between the Company and the Custodian, further details of which are set out in paragraph 10.4 of Part VI |
| “Directors” or “Board” | the directors of the Company, whose names appear on page 74 of this document, or the board of directors from time to time of the Company, as the case may require, and “Director” is to be construed accordingly |
| “EIU Report” | means the Country Profile 2005 “Ukraine” published by The Economist Intelligence Unit Limited, the Country Risk Service June 2005 “Ukraine” published by The Economist Intelligence Unit Limited and the Country Report July 2005 “Ukraine” published by The Economist Intelligence Unit Limited |
| “Euroventures I” | Euroventures Ukraine Fund I LP |
| “Euroventures II” | Euroventures Ukraine Fund II LP |
| “EVCA” | European Venture Capital Association |
| “FSA” | Financial Services Authority |

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| “FSMA” | the Financial Services and Markets Act 2000, as amended |
| “IFRS” | International Financial Reporting Standards |
| “Investment Adviser” | EVU Management Limited |
| “Investment Advisory Agreement” | the investment advisory agreement between the Company, the Investment Manager and the Investment Adviser, further details of which are set out in paragraph 10.2 of Part VI |
| “Investment Management Agreement” | the investment management agreement between the Company and the Investment Manager, further details of which are set out in paragraph 10.1 of Part VI |
| “Investment Manager” or “FPP” | Fabien Pictet & Partners Limited |
| “ISA” | Individual Savings Account |
| “ISA Regulations” | the Individual Savings Account Regulations 1998 (SI 1998/1870) (as amended) |
| “Issue” | the issue of the Ordinary Shares pursuant to the Placing |
| “Listing Rules” | the rules, including the listing rules, the disclosure rules and the Prospectus Rules, made by the UK Listing Authority under section 73A of the FSMA |
| “London Stock Exchange” | The London Stock Exchange plc or its domestic market, as the context may require |
| “Net Asset Value” or “NAV” | the net asset value of the Company in total or (as the context requires) per Ordinary Share calculated in accordance with the Company’s valuation policies and as described in this document |
| “Official List” | the official list maintained by the UK Listing Authority |
| “Ordinary Shares” or “Shares” | ordinary shares of US\$0.01 each in the capital of the Company |
| “PEP” | Personal Equity Plan |
| “PEP Regulations” | the Personal Equity Plan Regulations 1989 (SI 1989/469) (as amended) |
| “Placee” | a person acquiring Shares in the Placing |
| “Placing Agency Agreement” | the conditional agreement between the Company, the Investment Manager and the Placing Agent relating, <i>inter alia</i> , to the Placing, details of which are set out in paragraph 9 of Part VI |
| “Placing Agent” or “UFG” | U.F.G.I.S. Trading Limited |
| “Placing” | the placing of Ordinary Shares with Warrants, details of which are contained in this document |
| “Placing Price” | US\$10.00 per Ordinary Share |
| “Prospectus Rules” | the prospectus rules made by the UKLA under sections 73A and 84 of the FSMA |
| “Registrar” | Computershare Investor Services PLC |
| “Registrar Agreement” | the registrar agreement between the Company and the Registrar, further details of which are set out in paragraph 10.5 of Part VI |
| “Section 842” | section 842 of the Income and Corporation Taxes Act 1988 |
| “Shareholders” | holders of Ordinary Shares |
| “Sponsor” | Ernst & Young LLP |

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| “UK Listing Authority” or “UKLA” | the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or any successor enactment |
| “uncertificated” or “in uncertificated form” | in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by means of CREST |
| “United Kingdom” or “UK” | the United Kingdom of Great Britain and Northern Ireland |
| “United States” or “US” | the United States of America, its territories and possessions, any state of the United States and the District of Columbia |
| “US Person” or “United States Person” | has the meaning given in Regulation S under the United States Securities Act of 1933 |
| “VAT” | value added tax under the Value Added Tax Act 1994 |
| “Warrants” | warrants to subscribe for Ordinary Shares, the terms and conditions of which are set out in the Warrant Instrument |
| “Warrantholders” | holders of Warrants. |

DIRECTORS, INVESTMENT MANAGEMENT AND ADMINISTRATION AND ADVISERS

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| Directors (all non-executive) | John Anthony Victor Townsend Bruno Derungs Yves Jean-Bernard Kuhn Garth Peter Denis Milne Alexander Perepilichny all of c/o Sinclair Henderson Limited 23 Cathedral Yard Exeter EX1 1HB |
| Administrator, Company Secretary and Registered Office | Sinclair Henderson Limited 23 Cathedral Yard Exeter EX1 1HB |
| Investment Manager | Fabien Pictet & Partners Limited 34 Brook Street London W1K 5DN |
| Investment Adviser to the Investment Manager | EVU Management Limited Arch. Makariou III, 22 3rd Floor P.C. 1065 Nicosia Cyprus |
| Sole Global Co-ordinator, Placing Agent, Bookrunner and Financial Adviser | U.F.G.I.S. Trading Limited 1 Naousis Street Larnica Cyprus |
| Sponsor | Ernst & Young LLP 1 More London Place London SE1 2AF |
| Legal Advisers to the Company and the Investment Manager as to English law | Dechert LLP 2 Serjeants' Inn London EC4Y 1LT |
| Legal Advisers to the Placing Agent as to English law | Lovells Atlantic House Holborn Viaduct London EC1A 2FG |
| Legal Advisers to the Company as to Ukrainian law | Kravets & Levenets 19-b Instytutska Street 5th Floor Kiev 01021 Ukraine |
| Auditors | KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB |
| Registrar and Receiving Agent | Computershare Investor Services PLC Corporate Actions PO Box 859 The Pavilions Bridgwater Road Bristol BS99 1XZ |
| Custodian | Raiffeisen Zentralbank Österreich AG Am Stadtpark 9 1030 Vienna Austria |
| Principal Bankers | Lloyds TSB Bank plc 234 High Street Exeter EH4 3NL |

