THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own financial advice from a person duly authorised under the Financial Services and Markets Act 2000, as amended ("FSMA") who specialises in advising on the acquisition of shares and other securities.

Prospective investors should read this document in its entirety and, in particular, Part 2 of this document, headed "Risk Factors". All statements regarding the business, financial position and prospects of Prosperity Voskhod Fund Limited (the "Company") should be viewed in the light of such risk factors. An investment in the Company involves a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this document.

This document constitutes an admission document which has been drawn up in accordance with the AIM Rules. This document contains an exempt offer of transferable securities to the public within the meaning of section 86(1) of FSMA, and is not required to be issued as a prospectus pursuant to section 85 of FSMA. Accordingly, this document has not been examined or approved by the Financial Services Authority (the "FSA") pursuant to section 85 of FSMA. A copy of this document has been delivered to the London Stock Exchange as an admission document in respect of the ordinary shares of the Company (the "Ordinary Shares"), but a copy has not been filed with the Registrar of Companies in England and Wales. Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence on AIM on 6 October 2006.

The directors of the Company, whose names appear on page 5 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the directors of the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Consent under The Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989 has been obtained for the Company to raise up to US$250,000,000 by the issue of the Ordinary Shares and for the circulation of this document. In giving its consent, neither of the Guernsey Financial Services Commission nor the States of Guernsey Policy Council accepts any responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard thereto.

PROSPERITY VOSKHOD FUND LIMITED

a closed-ended company incorporated with limited liability under the laws of Guernsey with registration number 45426

PLACING OF UP TO 250 MILLION ORDINARY SHARES OF US$0.01 AT US$1 PER SHARE

and

ADMISSION TO TRADING ON AIM

Nominated Adviser	US Private Placement Agent	Broker and Principal Placing Agent
KPMG CORPORATE FINANCE	CENTENIUM ADVISORS LLC	MERITUM SECURITIES PLC

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the United Kingdom Listing Authority nor the London Stock Exchange has examined or approved the contents of this document. Prospective investors should be aware that the AIM Rules are less demanding than those of the Official List of the United Kingdom Listing Authority. No application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

KPMG Corporate Finance, a division of KPMG LLP which is authorised and regulated by the FSA for the conduct of investment business in the United Kingdom, is acting as nominated adviser to the Company in connection with the matters set out in this document. KPMG Corporate Finance is not acting for any person other than the Company and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or providing advice in relation to the contents of this document or any matter or for any arrangements described in this document. KPMG Corporate Finance has not authorised the distribution of this document, or any part of it, and no liability whatsoever is accepted by KPMG Corporate Finance for the accuracy of any information or opinions contained in this document or for the omission of any information. KPMG Corporate Finance is not making any representation, warranty, expressed or implied, as to the contents of this document.

Meritum Securities Plc, which is authorised and regulated by the FSA and which is a member of the London Stock Exchange, is acting exclusively as broker, principal placing agent outside of the United States and financial adviser to the Company in relation to the Placing. Meritum Securities Plc will not be responsible to anyone other than the Company for providing the protections afforded to clients of Meritum Securities Plc or for providing advice in relation to the Placing and Admission.

The Company and Meritum Securities Plc have only communicated or caused to be communicated invitations or inducements to engage in investment activity (within the meaning of section 21 of FSMA) in connection with the issue or sale of Ordinary Shares in circumstances which are exempt from section 21(1) of FSMA or in which section 21(1) of FSMA does not apply. Investment in the Company is suitable only for institutional investors (which includes authorised or exempt persons under FSMA and other persons who fall within the exemptions contained in Articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005).

The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any restrictions as to the Placing, the Ordinary Shares or the distribution of this document. In particular, this document should not be copied or distributed by recipients and should not be distributed by any means, including electronic transmission, in, into or from the United States, Canada, Australia, South Africa or Japan or any other jurisdiction where to do so would be in breach of any applicable law or regulation. The Ordinary Shares have not been, and will not be, registered under the securities laws of Canada, Australia, South Africa or Japan and they may not be offered or sold, directly or indirectly within or into Canada, Australia, South Africa or Japan or to or for the account or benefit of any national, citizen or resident of Canada, Australia, South Africa or Japan. This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

No Ordinary Shares have been offered or sold, or will be offered or sold, to the public in any member state of the European Economic Area which has implemented the Prospectus Directive, except: (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (ii) to any legal entity that has two or more of (a) an average of at least 250 employees during the last financial year, (b) a total balance sheet of more than €43,000,000 and (c) an annual net turnover of more than €50,000,000, in each case as shown in its last annual consolidated accounts; (iii) to fewer than 100 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive); or (iv) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

The Ordinary Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States or to a US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable US state securities laws. Further, the Company has not been, and will not be, registered under the Investment Company Act and investors will not be entitled to the benefit of the Investment Company Act. The Ordinary Shares are being offered and sold (i) outside the United States to non-US Persons in offshore transactions in reliance on Regulation S and (ii) within the United States in a private placement to US Persons that are both "accredited investors" pursuant to Regulation D and "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act. Resales of Ordinary Shares initially purchased by US Persons may only be made (i) outside the United States to non-US Persons in offshore transactions in reliance on Regulation S or (ii) within the United States to US Persons that are both "qualified institutional buyers" within the meaning of Rule 144A and "qualified purchasers" pursuant to the Investment Company Act. The Ordinary Shares placed outside the United States with non-US Persons will be in uncertificated form. The Ordinary Shares initially offered and sold in the US, or resold to US Persons, will be in certificated form. The Company will require the provision of a letter by any initial purchasers who are US Persons and any transferees who are US Persons containing representations as to status under the Securities Act and the Investment Company Act. The Company will refuse to issue or transfer Ordinary Shares to US Persons that do not meet the foregoing requirements. For a further description of restrictions on offers, sales and transfers of the Ordinary Shares which apply in respect of US Persons, including the representations that will be required, see Section 7 of Part 5 of this document, headed "Restrictions on Offering of Placing Shares in Respect of US Persons". This document and the Ordinary Shares have not been recommended, approved or disapproved by the SEC, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this admission document. Any representation to the contrary is a criminal offence in the United States and reoffer or resale of any of the Ordinary Shares in the United States or to US Persons may constitute a violation of US law or regulation.

This document is being furnished to certain prospective investors in the United States in connection with a placing that is intended to be exempt from registration under the Securities Act and the Investment Company Act and applicable state securities laws, solely for the purpose of enabling a prospective investor to consider the purchase of the Ordinary Shares. Centenium Advisors LLC has been appointed as the Company's placement agent with respect to the placing in the United States. None of KPMG Corporate Finance, Meritum Securities Plc or any of their respective Affiliates will place any Ordinary Shares with, or offer any Ordinary Shares to, US Persons in the United States. Delivery of this document to any other person in the United States or any reproduction of this document, in whole or in part, without the Company's prior consent is strictly prohibited.

The Ordinary Shares may not be acquired by investors using, as any of the purchase price therefor, assets of a plan subject to Title I of ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement.

Allotment of Ordinary Shares pursuant to the Placing is conditional upon, *inter alia*, Admission taking place on or before 8:00 a.m. on or before 6 October 2006 (or such later time or date, not being later than 6 November 2006, as may be agreed by the Placing Agents, the Manager and the Company) and on the minimum aggregate value at the Placing Price of the Placing Shares being not less than US$150,000,000.

Nothing in this document shall limit the disclosure of the tax treatment or tax structure of the Company (or any transactions undertaken by the Company). As used in this paragraph, the term "tax treatment" refers to the purported or

claimed US federal income tax treatment and the term "tax structure" refers to any fact that may be relevant to understanding the purported or claimed US federal income tax treatment, provided that, for the avoidance of doubt, (i) except to the extent otherwise established in published guidance by the US Internal Revenue Service, tax treatment and tax structure shall not include the name of, contact information for, or any other similar identifying information regarding, the Company or any of its investors (including the names of any employees or Affiliates thereof) and (ii) nothing in this paragraph shall limit the ability of a prospective investor to make any disclosure to the investor's tax advisers or to the US Internal Revenue Service.

Investment in the Company involves risks not normally associated with companies investing in more developed and more politically and economically stable jurisdictions with more sophisticated capital markets and regulatory regimes, such as those of the United States and Western Europe. Such risks include political, economic and currency risks and the risks associated with investing in underdeveloped legal, regulatory and accounting environments. In addition, the Russian market is volatile and has limited liquidity, transparency and depth. This could result in the Company not achieving the desired purchase or sale price for its investments.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing or in relation to the Ordinary Shares other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised. Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to the legal requirements which may apply to them in relation to the purchase, holding, transfer, repurchase or other disposal of the Ordinary Shares and the income and other tax consequences which may apply as a result of the purchase, holding, transfer, repurchase or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to the legal, tax, investment and other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice in force as at the date hereof in Guernsey, England and Wales and other relevant jurisdictions, as applicable, and are subject to change in future.

Note to Florida Residents

Purchasers of securities that are exempted from registration by Section 517.061(11) of the Florida Securities and Investor Protection Act have the right to void their purchase within three (3) days after the first tender of consideration unless sales are made to fewer than five (5) purchasers in Florida.

Notice to New Hampshire Residents

Neither the fact that a registration statement or an application for a licence has been filed under Chapter 421-B of the New Hampshire revised statutes annotated with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

Table of Contents

DIRECTORS AND ADVISERS

Directors	Julian Reid (Chairman) Paul Hart Anthony Hall Roger Phillips Paul Tierney, Jr
Registered Office	Dorey Court Admiral Park St Peter Port Guernsey GY1 3BG Channel Islands
Manager	Prosperity Capital Management Limited PO Box 309 GT Ugland House South Church Street George Town Grand Cayman, Cayman Islands
Adviser	Prosperity Capital Management (RF) Limited PO Box 309 GT Ugland House South Church Street George Town Grand Cayman, Cayman Islands
Administrator and Company Secretary	Kleinwort Benson (Channel Islands) Fund Services Limited PO Box 44, Dorey Court Admiral Park St Peter Port Guernsey GY1 3BG Channel Islands
Sub-Administrator	Investors Fund Services (Ireland) Limited Block D, Iveagh Court, Harcourt Road, Dublin 2 Ireland
Registrar	Capita Registrars (Guernsey) Limited 2nd Floor, No. 1 Le Truchot St Peter Port Guernsey GY1 4AE Channel Islands
Custodian	ING Bank (Eurasia) ZAO (Closed Joint Stock Company) 36 Krasnoproletarskaya Moscow 127473 Russian Federation
Auditors	KPMG Channel Islands Limited P.O. Box 20 St Peter Port Guernsey GY1 4AN Channel Islands

Reporting Accountants	KPMG Audit Plc Canary Wharf (9th Floor) 1 Canada Square London E14 5AG United Kingdom
Nominated Adviser	KPMG Corporate Finance 8 Salisbury Square London EC4Y 8BB United Kingdom
Broker and Principal Placing Agent	Meritum Securities Plc 10 Eastcheap 2nd Floor London EC3M 1LX United Kingdom
US Private Placement Agent	Centenium Advisors LLC 52 Vanderbilt Avenue, 15th Floor New York New York 10017 United States of America
Legal Advisers to the Company as to English and US Law	Debevoise & Plimpton LLP Tower 42 Old Broad Street London EC2N 1HQ United Kingdom
Legal Advisers to the Company as to Guernsey Law	Bedell Cristin La Plaiderie House La Plaiderie St Peter Port Guernsey GY1 1WD Channel Islands
Legal Advisers to the Nominated Adviser and Broker as to English Law	Stephenson Harwood One St Paul's Churchyard London EC4M 8SH United Kingdom
Legal Advisers to the Nominated Adviser and Broker as to US Law	Morrison & Foerster MNP CityPoint One Ropemaker Street London EC2Y 9AW United Kingdom

PLACING STATISTICS

Placing Price per Ordinary Share	US$1
Number of Ordinary Shares in issue prior to the Placing	2
Number of Ordinary Shares being offered pursuant to the Placing	250,000,000

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of AIM admission document	4 October 2006
Placing Price in respect of Placing Shares issued in the first tranche in certificated form to be paid	by 4 October 2006
Admission of Ordinary Shares to trading on AIM and commencement of dealings	6 October 2006
Crediting of CREST accounts in respect of Placing Shares issued in the first tranche in uncertificated form	6 October 2006
Certificates expected to have been dispatched to Shareholders in respect of Placing Shares issued in the first tranche in certificated form	by 27 October 2006
Placing Price in respect of Placing Shares issued in the second tranche in certificated form to be paid	by 16 January 2007
Admission of Ordinary Shares issued in the second tranche to trading on AIM	18 January 2007
Crediting of CREST accounts in respect of Placing Shares issued in the second tranche in uncertificated form	18 January 2007
Certificates expected to have been dispatched to Shareholders in respect of Placing Shares issued in the second tranche in certificated form	by 8 February 2007

The definition of each of the service providers of the Company contained herein includes any additional or replacement service provider as may be appointed from time to time.

Administration Agreement	The agreement dated on or about the date of this document between the Company and the Administrator, pursuant to which the Administrator provides administrative and company secretarial services to the Company.
Administrator	Kleinwort Benson (Channel Islands) Fund Services Limited.
Admission	The admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules.
Adviser	Prosperity Capital Management (RF) Limited, a company organised in the Cayman Islands.
Advisory Agreement	The agreement dated on or about the date of this document, between the Manager and the Adviser, pursuant to which the Adviser provides to the Manager securities research, investment evaluation and investment recommendations in relation to the investment programme of the Company.
Affiliate	Any corporation or undertaking which in relation to the person concerned is a subsidiary, holding company or parent undertaking or a subsidiary of any such holding company or undertaking or any partnership which is a subsidiary undertaking of the person concerned or of any such holding company or, in respect of a limited partnership, any general partner of such limited partnership, any successor limited partnership constituted by law, or any holding company, parent undertaking or subsidiary, or any subsidiary of the parent undertaking or holding company of the general partner of such limited partnership.
AIM	The alternative investment market of the London Stock Exchange.
AIM Rules	The rules for AIM companies and their nominated advisers published by the London Stock Exchange.
Articles	The articles of association of the Company, as amended from time to time.
Auditors	KPMG Channel Islands Limited.
Base NAV	With respect to any Ordinary Share as at any Valuation Point, the paid up share capital with respect to such Ordinary Share, reduced by the distributions (if any) made by the Company with respect to such Ordinary Share which represent a return of such paid up share capital.
Benefit Plan Investors	(i) Any ''employee benefit plan'' (as defined in Section 3(3) of ERISA), whether or not it is subject to the fiduciary responsibility provisions of Title I of ERISA, including any US or foreign governmental or private pension plans, (ii) any ''plan'' described in Section 4975(e)(1) of the Code (the entities described in clauses (i) and (ii) being referred to herein as ''benefit plans''), (iii) any entity that is, or would be deemed to be using, for purposes of the fiduciary responsibility provisions of ERISA or Section 4975 of the Code, the assets of any benefit plan to purchase or hold its Ordinary Shares (such entities described in clauses (i), (ii) and (iii) being referred to herein as ''Benefit Plan Investors'').
Broker	Meritum.
Business Day	Any day (other than a Saturday or Sunday) on which clearing banks in City of London and Guernsey are open for business.
CBR	The Central Bank of the Russian Federation.
Centenium	Centenium Advisors LLC, which has been appointed as US private placement agent to the Company in relation to the Placing.

City Code	The City Code on Takeovers and Mergers.
Clearing Agent	Pershing Securities Limited.
Code	The United States Internal Revenue Code of 1986, as amended.
Companies Laws	The Companies (Guernsey) Laws 1994 to 1996, as amended.
Company	Prosperity Voskhod Fund Limited, a company incorporated with limited liability under the Companies Laws with registration number 45426.
CREST	The computerised settlement system (being the relevant system as defined in the Uncertificated Securities Regulations 2001 (S.I. 2001/3755)) to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo.
CRESTCo	CRESTCo Limited.
CREST Guernsey Requirements	Rule 8 and such other rules and requirements of CRESTCo as may be applicable to issuers as from time to time specified in the CREST Manual.
CREST Manual	The compendium of documents entitled CREST Manual issued by CRESTCo from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms.
Cumulative Return	With respect to any Ordinary Share as at any Valuation Point, the Net Asset Value Per Ordinary Share for such Ordinary Share, plus (i) the sum of all Performance Fees (if any) paid or payable with respect to such Ordinary Share prior to such Valuation Point and (ii) the sum of all distributions made by the Company with respect to such Ordinary Share prior to such Valuation Point.
Custodian	ING Bank (Eurasia) ZAO (Closed Joint Stock Company), a company organised in Russia.
Custody Agreement	The agreement dated on or about the date of this document between the Cyprus Subsidiary and the Custodian, pursuant to which the Custodian acts as custodian of the assets of the Company, which are held through the Cyprus Subsidiary.
Cyprus Subsidiary	One or more wholly owned subsidiaries of the Company incorporated in Cyprus as offshore companies for the purpose of making investments.
Directors or Board	The directors of the Company and any duly constituted committee of the board of directors from time to time.
ERISA	The United States Employee Retirement Income Security Act of 1974, as amended.
EU	The European Union.
FSMA	The Financial Services and Markets Act 2000 of the United Kingdom, as amended or supplemented from time to time.
FSA	The Financial Services Authority of the United Kingdom.
GAAP	Generally accepted accounting principles.
GDP	Gross domestic product.
GFSC	The Guernsey Financial Services Commission.
High Water Mark	With respect to any Ordinary Share as at any Valuation Point, the highest Cumulative Return as at the date of issuance of such Ordinary Share and all prior Valuation Points in respect of which a Performance Fee was payable on such Ordinary Share.

IFRS	International Financial Reporting Standards.
IFSRA	The Irish Financial Services Regulatory Authority.
IMF	The International Monetary Fund.
Investment Advisers Act	The US Investment Advisers Act of 1940, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.
Investment Company Act	The US Investment Company Act of 1940, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.
KPMG Corporate Finance	KPMG Corporate Finance, a division of KPMG LLP which is authorised and regulated by the FSA for investment business activities. KPMG LLP is registered in England with number OC 301540 and has its registered office at 8 Salisbury Square, London EC4Y 8BB.
LIBOR	The London Interbank Offered Rate.
Letter of Confirmation	The letter attached to the Placing Letter which must be completed by a subscriber for Placing Shares and returned to the Placing Agent in accordance with the terms of the Placing Letter.
Lock-In Deed	The lock-in deed relating to the Ordinary Shares dated on or about the date of this document and made between Mattias Westman, KPMG Corporate Finance and the Company.
London Stock Exchange	The London Stock Exchange plc.
Management Agreement	The agreement dated on or about the date of this document between the Company and the Manager, pursuant to which the Manager provides investment management services to the Company.
Management Fee	The fee paid to the Manager and described in Section 7 of Part 1 of this document, headed ''Fees and Expenses — Manager''.
Manager	Prosperity Capital Management Limited.
Memorandum	The memorandum of association of the Company, as amended from time to time.
Meritum	Meritum Securities Plc, which has been appointed as broker to the Company and as placing agent in respect of the Placing of the Ordinary Shares outside the United States to non-US Persons.
Net Asset Value	The net asset value of the Company determined in the manner as described in Section 20 of Part 1 of this document, headed ''Net Asset Value Calculation and Publication''.
Net Asset Value Per Ordinary Share	The Net Asset Value divided by the number of Ordinary Shares in issue at the relevant Valuation Point.
NIS	The newly independent states of the former Soviet Union.
Nominated Adviser	KPMG Corporate Finance.
Ordinary Shares	The ordinary shares of US$0.01 par value in the capital of the Company.
OTC	Over-the-counter.
Performance Fee	The performance fee payable to the Manager and described in Section 7 of Part 1 of this document, headed ''Fees and Expenses — Manager''.
Panel	The Panel on Takeovers and Mergers.
Placing	The placing of up to 250 million Ordinary Shares by the Placing Agents at the Placing Price pursuant to the Placing Agreement and the US Private Placement Agreement.
Placing Agents	Together, Meritum and Centenium.

Placing Agreement	The agreement dated 15 September 2006 between the Company, the Manager, the Directors, KPMG Corporate Finance and Meritum, pursuant to which Meritum agrees to use its reasonable endeavours to procure subscribers who are non-US Persons outside the United States for the Placing Shares.
Placing Letter	The letter pursuant to which prospective investors who are non-US Persons outside the United States are offered the opportunity to subscribe for Placing Shares.
Placing and Subscription Letters	Together, the Placing Letter and the US Subscription Letter.
Placing Price	US$1.
Placing Shares	Ordinary Shares to be issued by the Company pursuant to the Placing.
Prospectus Directive	The EU Prospectus Directive (2003/71/EC).
Prospectus Rules	The Prospectus Rules made by the FSA with effect from 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004.
Registrar	Capita Registrars (Guernsey) Limited.
Registrar Agreement	The agreement dated 2 October 2006 between the Company and the Registrar, pursuant to which the Registrar provides registrar services to the Company.
Regulation D	Regulation D as promulgated under the Securities Act.
Regulation S	Regulation S as promulgated under the Securities Act.
RTS	The Russian Trading System.
RTS Index	The index maintained by the RTS (index symbol RTS1) of the 50 most capitalised and liquid stocks traded on the RTS.
Rouble	The lawful currency of Russia.
Rule 144A	Rule 144A as promulgated under the Securities Act.
Russia	The Russian Federation.
SEC	The US Securities and Exchange Commission.
Securities Act	The US Securities Act of 1933, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.
Shareholder	A person recorded as a holder of Ordinary Shares in the Company's register of shareholders.
Shareholding	A holding of Ordinary Shares.
Similar Laws	Any state, local, non-US or other laws or regulations that would have the same effect as regulations promulgated under ERISA by the US Department of Labor and codified at 29 C.F.R. Section 2510.3-101 so as to cause the underlying assets of the Company to be treated as assets of that investing entity by virtue of its investment in the Company and thereby subject the Company (or persons responsible for the investment and operation of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Code.
State	The Russian Federation.
Sterling or £	The lawful currency of the United Kingdom.
Sub-Administration Agreement	The agreement dated on or about the date of this document between the Company, the Administrator and the Sub-Administrator, pursuant to which the Sub-Administrator performs certain of the Administrator's duties and functions under the Administration Agreement in relation to the Company.

Sub-Administrator	Investors Fund Services (Ireland) Limited.
Taxes Act	The Income and Corporation Taxes Act 1988 of the United Kingdom, as amended.
Threshold	With respect to any Ordinary Share as at any Valuation Point, an amount equal to the greater of (i) the Cumulative Return that would yield the Shareholder a return on the Base NAV from time to time of such Ordinary Share equal to the return of the RTS Index for the period commencing on the date of the issuance of such Ordinary Share and ending on such Valuation Point and (ii) the Base NAV of such Ordinary Share.
Treasury Regulations	The regulations of the US Treasury Department issued pursuant to the Code.
United Kingdom or UK	The United Kingdom of Great Britain and Northern Ireland.
United States or US	The United States of America (including the states and District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.
US Dollar or US$	The lawful currency of the United States.
US Person	Any citizen or resident of the United States and any other person who is a US person as defined in Regulation S.
US Private Placement Agreement	The agreement dated 15 September 2006 between the Company, the Manager and Centenium, pursuant to which Centenium agrees to use its reasonable best efforts to procure subscribers who are US Persons for Placing Shares.
US Subscription Letter	The letter pursuant to which prospective investors who are US Persons are offered the opportunity to subscribe for Placing Shares.
Valuation Point	The point at which the Net Asset Value and Net Asset Value Per Ordinary Share are calculated, being as at the last close of business on the relevant markets on the day on which the valuation is effected, and/ or such other valuation points as the Directors shall determine from time to time.
WTO	The World Trade Organisation.

EXECUTIVE SUMMARY

The following information is qualified in its entirety by, and must be read in conjunction with, the more detailed information appearing elsewhere in this document, the Memorandum and Articles, the Placing and Subscription Letters and the Letter of Confirmation. The particular attention of potential investors is drawn to the Risk Factors set out in Part 2 of this document.

The Company

The Company was incorporated with limited liability under the Companies Laws in Guernsey on 31 August 2006 with registration number 45426. The Company is a closed-ended investment fund for which consent has been granted under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989 for the circulation of this document in connection with the Placing. The Company will apply on an annual basis for tax exempt status in Guernsey.

Investment Objective

The investment objective of the Company is to achieve capital growth by investing in a portfolio of securities involved in the corporate restructuring and consolidation which are expected to take place in Russia and other NIS countries. The Company will invest primarily in small and medium-sized companies, with the aim of being an active and influential minority shareholder.

The Company will invest at least 75% of its gross assets in the securities of companies established or having their principal operations in Russia. The Company may invest up to 25% of its gross assets in the securities of companies established or having their principal operations in NIS countries other than Russia, which the Company expects to be the Ukraine and Kazakhstan; however, the Company may, within such limitation and on an opportunistic basis, invest in the securities of companies established or having their principal operations in other NIS countries. The Company may not invest more than 25% of its gross assets in the securities of companies not listed on a recognised stock exchange or traded on a recognised OTC securities market.

Please see Section 4 of Part 1 of this document, headed ''Investment Restrictions'', for a description of all the investment restrictions that apply to the Company.

Investment Strategy

The Company will seek to fulfil its investment objective by making investments in approximately 8-10 main investment opportunities arising from the expected corporate restructuring and consolidation of the Russian and other NIS economies. Each such investment opportunity may involve an initial investment in a number of related companies. The Company is expected to invest in the engineering, chemicals, mining and other energy and commodity-intensive sectors, but may invest in other sectors of the economies of Russia and other NIS countries which are subject to corporate restructuring and consolidation. Investment will be directed towards companies considered attractive from a fundamental value perspective.

Given the current status of corporate restructuring and consolidation in the NIS, investment will focus on the equity securities of small and medium sized Russian (and, to a lesser extent, Ukrainian and Kazakh and, opportunistically, other NIS) companies, which are listed on a recognised stock exchange or traded on a recognised OTC securities market, or (in respect of up to 25% of the Company's gross assets) which are not so listed. The Manager expects such unlisted investments to become more liquid as a result of the ongoing corporate restructuring and consolidation process and will actively seek to identify the most attractive of such unlisted investments. For all investments, the Manager will take into consideration both foreign and

domestic potential strategic interest in such investments and the likely impact this will have on their performance.

Investment Case

The Manager believes that the success of the corporate restructuring and consolidation in Russia and other NIS countries will largely be determined by the general improvement in the investment environment in such countries, which is expected to occur as a result of a number of factors, including: (i) restructuring, consolidation and ownership changes which, in the view of the Manager, are likely to increase foreign direct investment and mergers and acquisitions activity, (ii) Russia's abundant natural resources and developed industrial and corporate base, (iii) a strong economy and (iv) in the view of the Manager, a change in the perception of risk of reversal of economic and political reform. Please see Section 3 of Part 1 of this document, headed ''Investment Objective and Strategy'', for a fuller description of these factors and the investment case in general.

Admission and Placing

The Directors are seeking admission to AIM in order to raise up to US$250,000,000 (before expenses) through the Placing of up to 250,000,000 Placing Shares at the Placing Price of US$1 each, which will be used to fund investments in accordance with the investment policy and strategy outlined in this document, to pay ancillary costs and for general corporate purposes. The allotment and issue of Placing Shares is conditional upon, *inter alia*, Admission taking place on or before 8:00 a.m. on 6 October 2006 (or such later date, not being later than 6 November 2006, as may be agreed by the Placing Agents, the Manager and the Company) and on the minimum aggregate value at the Placing Price of the Placing Shares being not less than US$150,000,000. The Placing is not being underwritten.

Placing Shares will be placed outside the United States with non-US Persons by Meritum. Placing Shares will be privately placed with US Persons who meet the criteria set out in the US Subscription Letter by Centenium. Applicants outside the United States who are non-US Persons subscribing for Placing Shares pursuant to the Placing Letter must complete and execute the Letter of Confirmation and return it to Meritum by the date specified in the Letter of Confirmation. Applicants who are US Persons subscribing for Placing Shares must complete and execute the US Subscription Letter and return it to Centenium by the date specified in the US Subscription Letter.

Under the terms of the Placing Letter, each investor will be required to represent and warrant, *inter alia*, that it is not a US Person and that it is acquiring the Placing Shares outside the US in an offshore transaction in reliance on Regulation S (in which case such investor's Placing Shares may be held in uncertificated form and settled through CREST), that it is a qualified investor within the meaning of Section 86(7) of FSMA and that it falls within article 19 or 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or is a person to whom the Placing Shares may otherwise lawfully be offered.

Under the terms of the US Subscription Letter, each investor will be required to represent and warrant, *inter alia*, that it is a US Person and is both an ''accredited investor'' pursuant to Regulation D and a ''qualified purchaser'' pursuant to Section 2(a)(51) of the Investment Company Act. Placing Shares issued to US Persons will be in certificated form bearing a legend which sets out restrictions on transferability.

Investors will also be required to represent and warrant that they are not acquiring Placing Shares for or on behalf of Benefit Plan Investors

subject to ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement.

Under the terms of the Placing and Subscription Letters, investors will be required to give an irrevocable commitment to subscribe for the entirety of the number of the Placing Shares being acquired in two tranches at the Placing Price. The Placing Price for the first tranche, constituting 50% of the total number of Placing Shares being acquired, must be paid by 4 October 2006 (in respect of the Placing Shares to be issued in certificated form) or settled on 6 October 2006 (in respect of the Placing Shares to be issued in uncertificated form and held through CREST). The first tranche Placing Shares will be allotted fully paid to investors on Admission. The Placing Price for the second tranche Placing Shares, constituting the remaining 50% of the total number of Placing Shares being acquired, must be paid by 16 January 2007 (in respect of the Placing Shares to be issued in certificated form) or settled on 18 January 2007 (in respect of the Placing Shares to be issued in uncertificated form and held through CREST).

Investors may not revoke their commitment to subscribe, at the Placing Price, for the second tranche of Placing Shares being acquired. As a result, investors will be obliged to subscribe for such Placing Shares notwithstanding any adverse market movements or other events occurring in relation to the Company and/or the Ordinary Shares between Admission and the date of subscription for the second tranche. Investors should therefore be aware that the quoted price for buying Ordinary Shares and/or the Net Asset Value Per Ordinary Share at the date of subscription for the second tranche may be higher or lower than the Placing Price.

Cyprus Subsidiary

The Company expects to make the majority of its investments through one or more wholly owned subsidiaries of the Company incorporated in Cyprus as offshore companies. The Russia/Cyprus double taxation treaty is expected to provide for a reduced rate of Russian withholding tax on distributions made by securities in the Company's portfolio.

Reinvestment and Distribution Policies

It is anticipated that income and capital gains derived from the Company's investment programme will be reinvested by the Company. However the Company has the power to make distributions to Shareholders, if the Directors deem it appropriate.

Directors

The Board will consist of five independent non-executive directors who will be responsible for supervising the Manager and for the overall investment activities of the Company. The Board will meet quarterly (and more often, if required) in Guernsey (or in another convenient location outside the United Kingdom and Russia).

As an AIM listed company, the Company will have no legal obligation to comply with the principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the ''Combined Code''). However, it is intended that, following Admission, the Company will adopt policies and procedures which reflect such of those principles of the Combined Code as are appropriate to the Company's size and nature of its operations. In this context, it is intended that the Company will establish both an audit and a nominations committee. The remuneration of the Directors will be set by the Board, subject to the limits contained in the Articles.

Management

The Company has appointed Prosperity Capital Management Limited as the Manager in relation to its investments. Subject to the overall supervision and control of the Directors, the Manager has

responsibility, within the policies laid down from time to time by the Directors, for identifying, analysing, timing and making the Company's investments, as well as monitoring and disposing of such investments.

Management and Performance Fee

Under the terms of the Management Agreement, the Company has agreed to pay the Manager the Management Fee, which is equal to 2% of the Net Asset Value per annum, which is payable quarterly in arrears. The Management Fee is accrued at each Valuation Point on the basis of the Net Asset Value as at the immediately preceding Valuation Point.

In addition, and subject to paragraph (ii) below, the Company has agreed to pay the Manager the Performance Fee. The Performance Fee will be calculated on an Ordinary Share by Ordinary Share basis, by reference to the cumulative performance of such Ordinary Share as at the date of determination, as follows:

(i) the Performance Fee in respect of any Ordinary Share will be an amount equal to 20% of the excess of (a) the Cumulative Return for such Ordinary Share over (b) the Threshold for such Ordinary Share, to the extent such amount was not previously paid as a Performance Fee; and

(ii) the Performance Fee will be payable only when the Cumulative Return for any Ordinary Share is greater than the High Water Mark for such Ordinary Share.

The Performance Fee, if any, due to the Manager in respect of any Ordinary Share will be calculated, and be payable, in respect of each financial year, except that the Performance Fee will be calculated (i) from the date of issuance of such Ordinary Share to the last day of the financial year in which such Ordinary Share is issued, (ii) from the beginning of the financial year in which such Ordinary Share is repurchased until the repurchase date of such Ordinary Share, (iii) from the beginning of the financial year in which the Company is wound up until the winding-up date or (iv) in respect of such other period as the Directors may determine, as applicable, in each case by reference to the increase (if any) in the Cumulative Return for such Ordinary Share over the Threshold for such Ordinary Share between the first day and the last day of such period. In each case, the Performance Fee will be payable on the last day of the relevant period.

The Administrator will make all such adjustments as may be necessary or appropriate to the calculation of the Base NAV, the High Water Mark, the Threshold, the Net Asset Value, the Cumulative Return and all other relevant items to take account of (i) the issue on 18 January 2007 of the second tranche of Ordinary Shares to be subscribed by investors pursuant to the terms of the Placing and Subscription Letters, (ii) additional payments of share capital (if any) to the Company in respect of Ordinary Shares and (iii) distributions (if any) made by the Company in respect of Ordinary Shares. All references to such terms and other relevant items shall, where appropriate, be deemed to be references to such terms and other relevant items after giving effect to the aforementioned adjustments.

Please see Section 7 of Part 1 of this document, headed "Fees and Expenses — Manager", for a fuller description of the Performance Fee and its calculation.

Net Asset Value Calculation

The Net Asset Value will be computed as the sum of the value of the Company's investments plus any cash or other assets held by the Company (including interest accrued but not yet received) minus all

	liabilities (including accrued expenses, which will include, without limitation, the fees and certain expenses of the service providers of the Company, which fees include, without limitation, the fees of the Custodian, the Administrator and the Registrar, the Management Fee and the Performance Fee, certain expenses of the Sub-Administrator and amortised expenses). In calculating the Net Asset Value and the Net Asset Value Per Ordinary Share, the Administrator will (in respect of any unlisted securities held by the Company) rely on certain pricing principles. Valuations will be carried out, at close of business on the markets where the Company's investments are traded, on Friday of each calendar week, at such close of business on the last day of each calendar month (unless, in each case, such day is not a business day in each of Russia, the United Kingdom and Guernsey, in which case the valuation will be carried out on the immediately preceding such business day), and on such other occasions as the Directors may determine. Please see Section 20 of Part 1 of this document, headed ''Net Asset Value Calculation and Publication'' for a fuller description of the calculation of the Net Asset Value.
Investment Advice	The Manager has, under the terms of the Advisory Agreement, appointed Prosperity Capital Management (RF) Limited as the Adviser. The Adviser will provide the Manager with securities research, investment evaluation and investment recommendations in relation to the investment programme of the Company. The Adviser has the benefit of on-the-ground research on Russian investments through its representative office in Moscow. The Manager is responsible for the payment of the fees of the Adviser.
Administration	The Company has appointed Kleinwort Benson (Channel Islands) Fund Services Limited as the Administrator. The Administrator will provide administrative and company secretarial services to the Company. The Administrator will receive a fee of 0.0925% of the Net Asset Value per annum for so acting, with further fees in respect of fund administration and reporting services provided to the Company. Please see Section 7 of Part 1 of this document, headed ''Fees and Expenses — Administrator''.
Custody	The Cyprus Subsidiary has appointed ING Bank (Eurasia) ZAO as the Custodian. The Custodian will provide custodial services to the Cyprus Subsidiary, which include the safe keeping of securities certificates, recording and certifying the rights to securities and the settlement of transaction relating to such property. The Custodian receives a fee for its services. Please see Section 7 of Part 1 of this document, headed ''Fees and Expenses — Custodian''.
Registrar	The Company has appointed Capita Registrars (Guernsey) Limited as the Registrar. The Registrar will provide registrar services to the Company. The Registrar will receive a minimum annual registration fee of £4,500 and an annual fee of £1,500 for the maintenance of the share register of the Company and provision of a UK transfer agent. Further fees are payable according to the usage of the services by the Company. Please see Section 7 of Part 1 of this document, headed ''Fees and Expenses — Registrar''.
Restrictions on Transfers of Ordinary Shares	The Articles impose certain transfer restrictions in order to ensure, *inter alia*, compliance by the Company with US and other applicable securities laws and ERISA. Ordinary Shares can be transferred only (i) outside the United States in offshore transactions in reliance on Regulation S or (ii) within the United States to a US Person who certifies that it is both a ''qualified institutional buyer'' within the meaning of Rule 144A and a ''qualified purchaser'' pursuant to the Investment Company Act. Ordinary Shares held by US Persons must

be in certificated form. In order to prevent the assets of the Company from being deemed ''plan assets'' subject to ERISA, Ordinary Shares may not be transferred to Benefit Plan Investors which are subject to ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement. Please see Section 7 of Part 5 of this document, headed ''Restrictions on Offering of Placing Shares in Respect of US Persons'' and Section 4 of Part 5 of this document, headed ''Memorandum and Articles — Restrictions on Transfer of Shares'' for a fuller description of such transfer restrictions.

Under AIM Rule 7, an applicant for listing, whose main activity is a business which has not been independent and revenue earning for at least two years prior to the date of admission of its shares to trading, must ensure that all ''related parties'' and ''applicable employees'' as at the date of such admission agree not to dispose of any interest in its securities for one year from admission. ''Related parties'' include, *inter alia*, a ''substantial shareholder''.

The definition of ''substantial shareholder'' in the AIM Rules extends to any person who holds any legal or beneficial interest directly or indirectly in 10% or more of any class of an AIM security or 10% of the voting rights of an AIM company. An investor who is an ''authorised person'' (that is, a person who under European Union directive or United Kingdom domestic legislation, is authorised to conduct investment business in the United Kingdom) is not classed as a ''substantial shareholder'' for the purposes of AIM Rule 7, nor is a company with securities quoted upon the London Stock Exchange's markets (unless the company's primary business is investing in the securities of other companies or the acquisition of a particular business).

However, any other investor who acquires 10% or more of the Placing Shares will be subject to the one-year ''lock in'' provisions of AIM Rule 7 and will be required to enter into a lock-in deed with, *inter alia*, the Company, under which such investor agrees to comply with the provisions of AIM Rule 7. As at the date of this document, the Company is not aware of any such investor to whom this requirement would apply.

Formation and Initial Expenses

The expenses relating to the incorporation of the Company and the Placing will be paid on or around Admission and will include the fees and expenses of the Nominated Adviser and the Placing Agents, registration, listing and Admission fees, legal and accounting fees, promotion, printing, advertising and distribution costs and any other applicable expenses.

Ongoing and Annual Expenses

The Company will pay all expenses incidental to its operation, including the fees of its service providers (including the Manager, the Administrator, the Custodian and the Registrar), interest and fees on any debt financing, accounting, legal and other professional costs, continuing listing fees and expenses, and the fees and out-of-pocket expenses of the Directors. The Manager will pay all normal operating expenses incidental to the provision of its services to the Company, including its own overheads, personnel and travel expenses.

Ordinary Share Discount Protection and Repurchase Facility

Articles adopted by the Company by special resolution on 25 September 2006 entitle the Company, conditional upon the issue of the Placing Shares, to make market purchases of up to 14.99% of the Ordinary Shares in issue immediately following the conclusion of the Placing (rounded down to the nearest whole number) if at any time the

Ordinary Shares trade at a discount to the Net Asset Value Per Ordinary Share of greater than 10% for 20 consecutive Business Days as determined by the Manager from time to time. Any such market purchases effected pursuant to such authority may be made by the Directors in their absolute discretion. The Company's authority to make market purchases of the Ordinary Shares in issue will expire on the earlier of (i) the date falling 18 months after the date of the resolution and (ii) the conclusion of the first annual meeting of the Company. A renewal of the authority to make purchases of the Ordinary Shares will be sought from Shareholders at each annual general meeting of the Company, or more frequently at a general meeting of the Shareholders if required.

In addition, any Shareholder who in aggregate holds, as at the time of subscription or at any time thereafter, more than 7.5% of the outstanding share capital of the Company may request the Company to repurchase all or part of its Ordinary Shares at the expense of such Shareholder at the end of the calendar quarter during which such request was received by the Company. Subject always to the discretion of the Directors and the AIM Rules, the Company may pay such Shareholder the proceeds of such repurchase by putting the Cyprus Subsidiary in funds, from the Company's distributable profits, to transfer a *pro rata* portion of the securities in the Company's portfolio which are held by the Cyprus Subsidiary, and which may be adjusted in the Directors' discretion to protect the value of the Company's portfolio as a whole, at or before the end of the calendar quarter immediately following the calendar quarter during which such request was received by the Company. Any such distributions will be effected so as to avoid any material prejudice to the interests of the remaining Shareholders.

Prospective investors should note that the exercise of the Company's power to repurchase Ordinary Shares is entirely discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions.

Please see Section 8 of Part 1 of this document, headed "Ordinary Share Discount Protection and Repurchase Facility" for further details.

Borrowing

The Articles contain standard borrowing powers for the Company to borrow up to US$75,000,000, which powers may be exercised by the Board. It is intended that the Company will rely on the proceeds of the Placing to fund its initial investments and operations. However, the Company may subsequently exercise its borrowing powers in connection with its investment programme within the aforementioned limit.

Liquidity Events

The Company will (acting on the advice of the Manager and taking account of the investment programme of the Company and the prevailing conditions of the local markets), no later than the fifth anniversary of Admission, and each following anniversary put to the vote of the Shareholders the option of realising the Company's investments and winding up the Company, which the Company would seek to carry out within six months of the date of such determination.

The Company will pursue such option if it is voted for by not less than 75% of members voting on the resolution. If such option is not voted for by such majority, the Company will continue its operations pursuant to its existing investment objective and arrangements.

The Manager may recommend to the Directors to put to the vote of the Shareholders a resolution to wind up the Company and distribute the

proceeds at any time after Admission, provided that the Shareholders have been informed of the reasons for such action. Any resolution to wind up the Company must be approved by 75% of members voting on the resolution.

Please see Section 23 of Part 1 of this document, headed ''Liquidity Events'', for more information on potential liquidity events.

Taxation

Each prospective investor should review carefully Part 4 of this document, headed ''Taxation'', and is urged to consult its own tax advisers as to the tax consequences of an investment in Ordinary Shares.

PART 1

INFORMATION ABOUT THE COMPANY AND THE PLACING

1. Investment Case and Role of the Manager

The Company has been established with the principal purpose of providing investors with a listed vehicle through which to participate in the investment opportunities arising from the corporate restructuring and consolidation which are currently taking place in the small and mid-cap markets in Russia and, to a lesser extent, other NIS countries.

The Company has retained the Manager to assist it with seeking to achieve its investment objective. The Manager has, since its establishment in 1996, invested actively, on behalf of other funds and accounts for which it acts as discretionary investment manager, in the oil industry as such industry went through a restructuring and consolidation process, resulting in significant productivity gains and production growth. The Manager believes that corporate restructuring and consolidation that took place in the oil industry and the associated transformation from Soviet production units to Western-style corporations is now underway in several other sectors, such as basic industries, cyclicals and power utilities, in Russia and other NIS countries. The Company is seeking to take advantage of the opportunities presented by the corporate restructuring and consolidation in such other sectors and position itself as a significant minority shareholder in a portfolio of investments in sectors in the early stages of restructuring and consolidation. Access to the in-depth internal research and shareholder activism strategy of the Manager are cornerstones of the Company's strategy for pursuing its investment objective. Please see Section 12 of Part 1 of this document, headed "Manager" and Section 9 of Part 5 of this document, headed "Material Contracts — Manager" for further details of the Manager and its role.

2. Structure

The Company was incorporated with limited liability in Guernsey under the Companies Laws in Guernsey on 31 August 2006 with registration number 45426 (telephone number of registered office: +44 1481 727111). It is a closed-ended investment fund for which consent has been granted under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989.

3. Investment Objective and Strategy

The investment objective of the Company is to achieve capital growth by investing in a portfolio of securities involved in the corporate restructuring and consolidation which are expected to take place in Russia and other NIS countries. The Company will invest primarily in small and medium-sized companies, with the aim of being an active and influential minority shareholder.

The Company will invest at least 75% of its gross assets in the securities of companies established or having their principal operations in Russia. The Company may invest up to 25% of its gross assets in the securities of companies established or having their principal operations in NIS countries other than Russia, which the Company expects to be the Ukraine and Kazakhstan; however, the Company may, within such limitation and on an opportunistic basis, invest in the securities of companies established or having their principal operations in other NIS countries. The Company may not invest more than 25% of its gross assets in the securities of companies not listed on a recognised stock exchange or traded on a recognised OTC securities market.

The Company will seek to fulfil its investment objective by making investments in approximately 8-10 main investment opportunities arising from the expected corporate restructuring and consolidation of the Russian and other NIS economies. Each such investment opportunity may involve an initial investment in several subsidiaries and related companies. The Company is expected to invest in the engineering, chemicals, mining and other energy and commodity-intensive sectors, but may invest in other sectors of the economies of Russia and other NIS countries which are subject to corporate restructuring and consolidation. Investment will be directed towards companies considered attractive from a fundamental value perspective.

Given the current status of corporate restructuring and consolidation in the NIS, investment will focus on the equity securities of small and medium sized Russian (and, to a lesser extent, Ukrainian and Kazakh and, opportunistically, other NIS) companies, which are listed on recognised stock exchange or traded on a recognised OTC securities market, or (in respect of up to 25% of the Company's gross assets) which are not so listed. The Manager expects such investments to become more liquid as a result of the ongoing corporate restructuring process. The Manager will actively seek to identify the most attractive of such less liquid shares.

For all investments, the Manager will take into consideration both foreign and domestic potential strategic interest in such investments and the likely impact this will have on their performance.

The Manager believes that the success of such corporate restructuring and consolidation will largely be determined by the general improvement in the investment environment of Russia and other NIS countries, which is expected to occur as a result of a number of factors, including:

- Strength of the economy
- Increasing economic growth
- Implementation of structural reforms
- Improvement in corporate governance and transparency
- Availability of natural resources
- Large industrial base
- Continuing privatisation and ownership change
- Mergers and acquisitions activity
- Increased foreign direct investment (FDI)
- Attractive valuations and low correlation to other major markets
- Established financial markets
- Growing opportunities in other NIS countries

Strength of the Economy

GDP in Russia has grown by an average of approximately 6.5% per annum between 1999 and 2005, while fiscal prudence has resulted in Russia having relatively low levels of debt. The Manager believes that this has lowered the risk premium of investing in Russia and that there is an opportunity arising from the fact that Russia could continue to enjoy such a relatively favourable economic environment since the country is still developing from a relatively low base and commodities are attracting increased interest from investors.

Increasing Economic Growth

In the late nineties and the beginning of this decade, the Russian economy was largely driven by net exports that consisted of commodities such as oil and petroleum products, gas and metals. These are high margin businesses that can finance growth with own cash flows in the absence of domestic financial intermediation. The interest of international investors in Russia initially was primarily confined to these sectors. In the meantime, exporters contributed to the steady current account surplus which, together with the Central Bank's policy of resisting nominal strengthening of the Rouble, led to growth in domestic liquidity. While the fiscal surplus removed the need for public sector borrowing, high liquidity caused nominal interest rates to fall and real interest rates to turn negative. This process resulted in a change in the economy, from one in which growth was heavily dependent on exports, to an economy where investment and consumption have emerged alongside exports as drivers of growth. This, in turn, resulted in the rapid economic recovery in sectors such as engineering and industrial equipment manufacturing, cement, construction, shipping, sea ports, mining, air transport, as well as retail, food and financial services. The Russian stock market has, over time, mirrored this development, with investment appetite becoming less focused on oil, telecoms and power, in each case heavily weighted in the RTS and Russian ADR trading volume, and being directed at equities in these rediscovered sectors. The Manager believes that this trend, which it expects to continue, is positive for the Company's investment objective, which will include seeking investment opportunities in such sectors.

Implementation of Structural Reforms

It is the view of the Manager that outside observers and many mainstream global investors have typically tended to have an exaggerated perception of the risk of a reversal in the political process, such as the risk of renationalisation, in Russia and the other NIS countries. Furthermore, it is also the view of the Manager that in the 1990s the Russian government was primarily focused on reforming the political system to ensure that the Communist Party would not be able to reintroduce the old system. During this period, reforms therefore included the privatisation of a significant part of the state's assets. When President Putin was elected in 2000, a Communist revival was no longer seen as a threat and President Putin therefore started to focus on the implementation of structural reforms and on reasserting the power of the state. The success of reforms to

date is reflected in sustained economic growth and that the implementation of a prudent fiscal policy, lower income and corporate taxes, and a new land law, have been satisfactory. Reforms under implementation include further restructuring of natural monopolies and the banking sector, while the military, judiciary and state bureaucracy are sectors still to a large extent to be reformed.

Improvement in Corporate Governance and Transparency

The Manager believes that, prior to President Putin's election in 2000, the internal perception of a risk of possible Communist restoration and renationalisation of the country's economy had been quite high. Under those circumstances, Russian capitalists preferred to move offshore, through transfer pricing schemes, the profits extracted from their enterprises, rather than reinvest for growth, for fear that their capital expenditures could be taken away from them, along with the legacy assets that they had privatised. This caused collateral damage to minority investors in the privatised enterprises, since these were rendered unprofitable by the transfer pricing schemes. Under President Putin, the position has changed. The Manager believes that initially the blue chip companies of the Russian economy, such as oil companies and metal producers, discontinued transfer pricing schemes in order to be able to capitalise on the strength of commodity prices as the renationalisation risk subsided. However, eventually, arguably as a result of the Yukos affair, the risk of losing assets due to transfer pricing schemes and tax optimisation became strong enough to compel smaller companies in other sectors to follow suit. This has resulted in companies in sectors such as fertilisers, cement, engineering, coal and ore mining having "sudden" previously unreported high profits.

Availability of Natural Resources

Russia is not only the world's largest country: it has also been blessed with enormous natural resources. The country is the largest producer of oil and gas, and has the largest known natural gas reserves and among the largest oil reserves, in the world. In addition, it has the world's largest forest resources and among the largest deposits of nickel, copper, platinum, palladium, gold and diamonds. The combination of often easily accessible natural resources and cheap, cost-effective energy puts Russia in a competitive position in several fields. The Manager believes this will support development of industrial sectors, such as mining, basic industries and power.

Large Industrial Base

The legacy of the Soviet Union has produced several very large companies within various fields, often in the form of former ministries for different industries: for example, natural gas production. There is a generally held perception that investment under the command economy was made with little or no regard for the cost of capital, resulting in large industrial assets that could meet significant growth in demand for their output over years without additional investment. Following privatisation, the number of large companies grew strongly as a result of the break-up of Soviet monoliths. Most of these companies remained inefficient for many years, but productivity gains in the overall economy have been running at about 10% per annum since 2000. Russia has therefore inherited an existing large base of primarily commodity and energy-intensive industries, as well as substantial infrastructure to service them. The Manager believes that the privatised companies are now rapidly restructuring and consolidating and that heavy over-investment in the past means that current capital requirements are reduced and significant operational improvements and productivity growth can be achieved through low-capital de-bottlenecking. The Manager believes that debt levels across the Russian economy are generally low, further boosting the case for "easy" growth and productivity gains, should the companies choose to gear up. Russia is a highly industrialised country and the current negotiations to be admitted to the WTO show the determination to develop its industrial base further. Privatisation played an important role in forming a functioning corporate base out of the industrial base, as is evidenced by the fact that the largest gas producer and several of the major oil companies in the world are now Russian. Russia also has some of the largest nickel/copper and aluminium companies in the world. In terms of output, the Manager expects Russian industrial companies to become even larger players on a regional and global scale after corporate restructuring and consolidation are completed. The Manager considers the Russian industrial base, combined with a large commodity industry and potential admission to the WTO, as supportive for future growth prospects.

Continuing Privatisation and Ownership Change

The Manager believes that, since the goal of mass privatisation of the 1990s was a quick disengagement of the economy from the state, privatisation was often executed on a plant-by-plant basis without proper regard to industrial logic in relation to the structure of the newly privatised companies. The privatisation

programme which started in the 1990s is continuing, with both large monopolies in the power and telecom sectors, as well as a number of smaller companies in a spectrum of sectors across the economy, expected to be privatised in the short term. The Manager believes that privatisation can lead to greater levels of transparency, since private owners are generally more successful than the government in aligning the interests of all stakeholders, including management, with theirs.

Mergers and Acquisitions Activity

The Russian economy is still in the process of restructuring and consolidation in many sectors. The Manager believes that the capital structure of many companies is also likely to change significantly, by way of new equity issues and higher debt to equity levels. There have already been some acquisitions made by foreign investors in the Russian market, but the number of acquisitions by domestic strategic investors has also grown considerably. The Manager expects that this will occur in other sectors, such as power, telecommunications and basic industries, once they become more open to outside investment with the progress of restructuring, consolidation, liberalisation and privatisation.

Increased Foreign Direct Investment (FDI)

Until recently, the level of FDI has been extremely low in Russia. Following devaluation of the Rouble in 1998, consumer goods producers in particular established manufacturing operations in Russia in order to make products affordable to the general population. Recently, there have also been some landmark investments in the commodities sector, most notably by BP in TNK-BP, ConocoPhillips in LUKoil and ExxonMobil and RDS in the oil and offshore oil sectors. Given the size and growing significance of Russia's industrial base and domestic economy, FDI is starting to broaden into a wider spectrum of sectors, including retail, banking, power and telecommunications. The Manager believes that this may increase as the sectors become more competitive, consolidated and hence more transparent.

Attractive Valuations and Low Correlation to Other Major Markets

It is the view of the Manager that Russian equities have, applying valuation methods commonly used by international investors, been very attractively valued in the past, and remain so. Growth in business and productivity gains have been strong for various sectors since the financial crisis of 1998 and may not, in the view of the Manager, not been fully reflected in market valuations. Productivity gains accrued mainly to shareholders by way of bottom-line growth. However, in the view of the Manager, volatility remains relatively high, since valuations can be below fair value and political concerns tend to override corporate financial performance.

Established Financial Markets

Russia has a meaningful weight in indices, such as the MSCI EMF index, and international portfolio investors play a significant role in trading shares on the market. The Russian market has approximately 250 stocks that are traded frequently, some of which are supported by brokerage research. In 2005, IPO deal flow increased substantially and is expected to grow further, providing an important boost to the market's liquidity, as well as diversity. The Manager believes that the level of IPO and secondary offering activity has had a positive influence on further consolidation in the economy, as equity may be used to finance acquisitions. The Manager expects that the continuing IPO and secondary offerings may have a positive effect on investments, by providing greater levels of transparency and higher valuation multiples, as well as new exit options, in sectors targeted by the Manager.

Growing Opportunities in Other NIS Countries

The Manager closely monitors investment opportunities and invests in NIS countries besides Russia. Of most interest are the Ukraine and Kazakhstan, both of which have reasonably large economies, being the two largest economies of the NIS countries after that of Russia. The GDP of each of the Ukraine and Kazakhstan is substantially lower than that of Russia. Both the Ukraine and Kazakhstan continue to share common infrastructure and are substantial trade partners with Russia, based on the old Soviet Union economic ties. The Russian language is universally spoken and understood in both countries, in particular by the business community, making it easier to conduct research into local companies. Other NIS countries may also provide investment opportunities in the future; however, their economies are much smaller.

The Company will seek the consent of its Shareholders for its investment strategy annually at the AGM pursuant to AIM Rule 8.

4. Investment Restrictions

Investment of the Company's assets is subject to certain restrictions. The Directors have determined that the restrictions below will apply to the Company:

(i) The Company will invest not less than 75% of its gross assets in the securities of companies established or having their principal operations in Russia.

(ii) The Company may not invest more than 25% of its gross assets in the securities of companies established or having their principal operations in NIS countries other than Russia.

(iii) The Company may not invest more than 25% of its gross assets in the securities of companies not listed on a recognised stock exchange or a recognised NIS OTC market.

(iv) The Company may not invest more than 20% of its gross assets in the securities of companies representing a weighting of more than 5% of the RTS index.

(v) The Company may not make any investments in debt securities other than (a) in connection with making an equity investment or (b) when making short-term investments as contemplated in Section 5 of this Part 1 of this document, headed "Short-Term Investments".

(vi) The Company may not invest more than 20% of its gross assets in the securities of any one company or group, or in any company or group which invests in excess of 20% of its gross assets in any company or group.

(vii) The Company may not invest in more than 25% of the equity securities of any one company.

(viii) The Company may not expose more than 20% of its gross assets to the creditworthiness or solvency of any one counterparty. The foregoing restriction will not apply to (a) investments in securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD member state, or by any supranational authority of any EU or OECD member state, or (b) cash deposits awaiting investment.

(ix) The five largest investments of the Company may not exceed 70% of its gross assets.

(x) The Company may not invest directly in physical commodities or real property. The foregoing restriction shall not apply to investments in securities of issuers that make investments in physical commodities or real property.

(xi) The Company may not invest in any pooled investment vehicles, other than when making short-term investments in the circumstances referred to in clause (vi) of Section 5 of this Part 1 of this document, headed "Short-Term Investments".

(xii) The Company may not invest in derivatives other than for the purposes of efficient portfolio management.

The foregoing restrictions apply at the date the relevant investment is made. If any restriction is breached, the Manager will ensure that immediate corrective action is taken and will inform the Directors who will notify Shareholders in writing of the nature of such action, other than where the breach is due to appreciation or depreciation in the value of investments, changes in exchange rates, by reason of the receipt of rights, bonuses, benefits in the nature of capital, or by reason of any other action affecting every holder of the relevant investment. However, the Manager will have regard to the investment restrictions when considering subsequent changes in, or additions to, the investment portfolio of the Company.

The Manager does not intend under normal circumstances to hedge the currency exposure of the Company.

The Company may exist for up to 12 months before making an investment or being obliged to return funds to Shareholders.

5. Short-Term Investments

Amounts held by the Company from time to time pending investment, reinvestment or distribution will be placed by the Manager in (i) cash or cash equivalents, (ii) UK government securities issued by HM Treasury or other securities issued or fully guaranteed or insured by the governments of the United Kingdom or any other member of the European Union or the United States, or any agency or instrumentality of any of them, (iii) time deposits, certificates of deposit or bankers' acceptances of any commercial bank having capital and surplus in excess of €100 million, (iv) money market instruments, commercial paper or other short-term debt obligations having at the date of purchase by the Company the highest or second highest rating obtainable

from either Standard & Poor's Ratings Services or Moody's Investors Services, Inc., or their respective successors (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognised rating agency), (v) money market investment funds and (vi) pooled investment funds or accounts that invest only in securities or instruments of the type described in (i) to (v).

6. Admission and Placing

Subject to Admission, the Company is to place up to 250,000,000 Placing Shares at the Placing Price of US$1, which is expected to raise approximately US$250,000,000 (before expenses). The total expenses of the Placing are expected to be approximately US$4.7 million. The net proceeds from the Placing will be invested by the Company in accordance with the investment policy and strategy outlined in this document, to pay ancillary costs and for general corporate purposes. The allotment and issue of the Placing Shares is conditional upon, *inter alia*, Admission taking place on or before 8:00 a.m. on 6 October 2006 (or such later time or date, being not later than 6 November 2006, as the Placing Agents, the Manager and the Company may agree) and on the minimum aggregate value at the Placing Price of the Placing Shares being not less than US$150,000,000. The Placing is not being underwritten.

Placing Agreement

Under the Placing Agreement, Meritum has agreed to use its reasonable endeavours to procure subscribers outside the US who are non-US Persons for the Placing Shares at the Placing Price. If Admission takes place, Meritum will receive from the Company, out of the proceeds of the Placing relating to the Placing Shares issued to, and paid for in full by, investors pursuant to the Placing Letters, a commission of 1% of the aggregate value at the Placing Price of such Placing Shares.

US Private Placement Agreement

Under the US Private Placement Agreement, Centenium has agreed to use its reasonable best efforts to procure subscribers, who are US Persons and who meet the criteria specified in the US Private Placement Agreement and in the US Subscription Letter, for the Placing Shares at the Placing Price. If Admission takes place, Centenium will receive from the Company, out of the proceeds of the Placing relating to the Placing Shares issued to, and paid in full by, investors pursuant to the US Subscription Letters, a commission of 1% of the aggregate value at the Placing Price of such Placing Shares.

Placing and Subscription Letters

Under the terms of the Placing and Subscription Letters, each investor will be required to give an irrevocable commitment to subscribe for the entirety of the number of the Placing Shares being acquired in two tranches at the Placing Price. The Placing Price for the first tranche, constituting 50% of the total number of Placing Shares being acquired, must be paid by 4 October 2006 (in respect of the Placing Shares to be issued in certificated form) or settled on 6 October 2006 (in respect of the Placing Shares to be issued in uncertificated form and held through CREST). The first tranche Placing Shares will be allotted fully paid to investors on Admission. The Placing Price for the second tranche Placing Shares, constituting the remaining 50% of the total number of Placing Shares being acquired, must be paid by 16 January 2007 (in respect of the Placing Shares to be issued in certificated form) or settled on 18 January 2007 (in respect of the Placing Shares to be issued in uncertificated form and held through CREST).

Investors may not revoke their commitment to subscribe, at the Placing Price, for the second tranche of the Placing Shares being acquired. As a result, investors will be obliged to subscribe for such Placing Shares notwithstanding any adverse market movements or other events occurring in relation to the Company and/or the Ordinary Shares between Admission and the date of subscription for the second tranche. Investors should therefore be aware that the quoted price for buying Ordinary Shares and/or the Net Asset Value Per Ordinary Share at the date of subscription for the second tranche may be higher or lower than the Placing Price. Potential investors should refer to Part 2 of this document, headed "Risk Factors", in this regard.

Notwithstanding the fact that the commitment of investors to subscribe for the second tranche of Placing Shares is irrevocable, if any investors default on their contractual commitment to subscribe for such Placing Shares, the Company will receive less than the total amount of monies which investors have contracted to pay to the Company pursuant to their Placing Letters or US Subscription Letters, as the case may be. This may have adverse consequences for the Company and the Ordinary Shares. It may also have adverse consequences for other investors, notably in the event that the Net Asset Value Per Ordinary Share as at the time of the subscription for the Placing Shares comprised in the second tranche is less than the Placing Price. Potential investors should refer to Part 2 of this document, headed "Risk Factors", in this regard.

Under the terms of the Placing Letter, each investor will be required to represent and warrant, *inter alia*, that it is not a US Person and is purchasing the Placing Shares outside the US in an offshore transaction in reliance on Regulation S (in which case such investor's Placing Shares may be held in uncertificated form and settled through CREST), and that it is a qualified investor within the meaning of Section 86(7) of FSMA and it falls within article 19 or 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or is a person to whom the Placing Shares may otherwise lawfully be offered.

Under the terms of the US Subscription Letter, each investor will be required to represent and warrant, *inter alia*, that it is a US Person which is both an ''accredited investor'' pursuant to Regulation D and a ''qualified purchaser'' pursuant to Section 2(a)(51) of the Investment Company Act. Placing Shares issued in the United States or to US Persons will be in certificated form and will bear a legend which sets out the restrictions on transferability.

Investors will also be required to represent and warrant that they are not acquiring Placing Shares for or on behalf of Benefit Plan Investors subject to ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement.

Settlement

The Company has applied for the Placing Shares to be enabled for CREST transfer and, in respect of the first tranche of Placing Shares, settlement with effect from Admission, which is expected to be on 6 October 2006. Placing Shares issued to US Persons will be in certificated form but, for all other investors, settlement of transactions in the Placing Shares will take place within the CREST system. Subscribers will need to ensure that their CREST account, or the CREST account of their settlement agent or custodian, allows for the delivery and acceptance of Placing Shares to be made prior to 10:00 a.m. on 6 October 2006 (for settlement of the first tranche Placing Shares) and prior to 10:00 a.m. on 18 January 2007 (for settlement of the second tranche Placing Shares) against payment of the Placing Price per Placing Share.

Subscribers may pay their subscription monies for certificated Placing Shares, which will clear and settle outside CREST, by wiring cleared funds to the Clearing Agent by no later than 10:00 a.m. on 4 October 2006 (for settlement of the first tranche of Placing Shares) and by no later than 10:00 a.m. on 16 January 2007 (for settlement of the second tranche of Placing Shares). Definitive share certificates in respect of the Placing Shares issued outside CREST are expected to have been dispatched to Shareholders (or their settlement agent or custodian) by 27 October 2006 (in respect of the first tranche Placing Shares) and by 8 February 2007 (in respect of the second tranche Placing Shares).

Where the cleared funds of any subscriber for Placing Shares are received after the due date, such subscriber will be required to pay interest to the Company, in respect of the amount due, for the period beginning on the due date and ending on the date on which cleared funds are received, at the LIBOR rate for seven day deposits in US dollars plus 2% per annum. Any interest earned on monies received after the due date is for the account of the Company. The Company reserves the right to delay the issue and delivery of Placing Shares to any subscriber whose cleared funds or CREST instructions have not been received by the due date.

If a subscriber or Shareholder fails to pay up monies outstanding in respect of its Placing Shares when required to do so, such Placing Shares will be forfeited and offered by the Company to the other Shareholders *pro rata* to their respective paid up Shareholdings and in accordance with applicable laws. Such Shareholders must accept such offer, in whole or in part, within 5 Business Days of the date of receipt of such offer, following which any Ordinary Shares not taken up by such Shareholders may be offered by the Company to persons other than Shareholders who meet the eligibility criteria for investment in the Company set out in Section 19 of Part I of this document.

7. Fees and Expenses

Establishment Expenses

The establishment expenses are those which are necessary for the incorporation of the Company. Establishment expenses will be met by the Company and paid on or around the Admission out of the Placing proceeds. The establishment expenses of the Company will be expensed when incurred. Expenses associated with the Placing will be deducted from equity, net of any related income tax benefit. Such expenses include the fees and expenses of the Nominated Adviser, the Placing Agents, registration, listing and Admission fees, legal and accounting fees, promotion, printing, advertising and distribution costs and any other applicable expenses.

The Company may, if appropriate, capitalise any other expense of the Company and amortise such expense over such period as the Directors determine to be appropriate. The amortised amount shall be deemed a liability of the Company and the unamortised amount shall be deemed an asset of the Company.

On the assumption that the Placing proceeds are US$250,000,000, the formation and initial expenses are not expected to exceed 2% of the gross proceeds of the Placing.

Operating Expenses

The Company will pay all expenses incidental to its operation. The Company expects that all, or a significant part of, such expenses will be financed by distributions of income from portfolio companies. Operating expenses will include, but are not limited to, the following:

Administrator

The Administrator will receive a fee, which has been set at 0.0925%. of the Net Asset Value per annum, from the Company for its services, as well as further fees in respect of fund administration and reporting services provided to the Company. The Company will reimburse the Administrator for all reasonable, duly incurred out of pocket expenses, reasonably incurred by the Administrator solely in connection with the performance of its services, including the cost of telexes, facsimile, courier, long distance telephone calls and such other expenses relating solely to the duties of the Administrator hereunder as may be agreed upon by the Company and the Administrator from time to time.

Auditors

The Auditors will receive a fee in an amount to be agreed by the Auditors and the Directors in advance of the audit of the Company. The fee will be payable upon presentation.

Nominated Adviser

KPMG Corporate Finance will be paid a fee of £225,000 (excluding VAT) pursuant to the terms of an engagement letter entered into by KPMG Corporate Finance and the Manager on 5 June 2006.

Under the terms of an agreement entered into by the Company and KPMG Corporate Finance on 8 September 2006, under which KPMG Corporate Finance has agreed to act as Nominated Adviser for the Company with effect from Admission, KPMG Corporate Finance is entitled to an annual retainer of £35,000 (excluding VAT).

Broker

Meritum Securities Plc will be paid a retainer of £10,000 (excluding VAT) per annum payable half yearly in advance, the first payment of £5,000 falling due on Admission, such fee being reviewable annually.

Custodian

In addition to individual transaction fees, which are paid by the Company at normal commercial rates, the Custodian receives a portfolio maintenance fee from the Company, which has initially been set at (i) with respect to equities (a) 0.04% per annum of the Net Asset Value representing assets with a value of up to U.S.$1,399,999,999 (b) 0.035% per annum of the Net Asset Value representing assets with a value of U.S.$1,400,000,000 up to US$1,499,999,999 and (c) 0.03% per annum of the Net Asset Value representing assets with a value of US$1,500,000,000 or more; (ii) with respect to international securities held at Euroclear and/or DTZ (a) 0.08% per annum of the Net Asset Value representing assets with a value of up to US$49,999,999, (b) 0.06% per annum of the Net Asset Value representing assets with a value of US$50 million up to US$99,999,999 (c) 0.04% per annum of the Net Asset Value representing assets with a value of US$100 million up to US$149,999,999 and (d) 0.35% per annum of the Net Asset Value representing assets with a value of US$150 million or more; and (iii) with respect to MICEX traded securities, 0.06% per annum of the Net Asset Value; in each case together with VAT thereon. The portfolio maintenance fee is accrued at each Valuation Point on the basis of the Net Asset Value as at the immediately preceding Valuation Point. The Company will also cover the Custodian's out-of-pocket expenses reasonably and properly incurred in respect to the services provided to the Company.

Directors

Under the terms of their letters of appointment, each of the Directors is entitled to be paid the following fee by the Company:

(i) Julian Reid is entitled to a fee of £35,000 per annum; and

(ii) Paul Hart, Paul Tierney, Jr, Anthony Hall and Roger Phillips are each entitled to a fee of £25,000 per annum.

All such Directors' fees are payable quarterly in arrears.

Manager

Under the terms of the Management Agreement, the Company has agreed to pay the Manager the Management Fee, which is equal to 2% of the Net Asset Value per annum, which is payable quarterly in arrears. The Management Fee is accrued at each Valuation Point on the basis of the Net Asset Value as at the immediately preceding Valuation Point.

In addition, and subject to paragraph (ii) below, the Company has agreed to pay the Manager the Performance Fee. The Performance Fee will be calculated on an Ordinary Share by Ordinary Share basis, by reference to the cumulative performance of such Ordinary Share as at the date of determination, as follows:

(i) the Performance Fee in respect of any Ordinary Share will be an amount equal to 20% of the excess of (a) the Cumulative Return for such Ordinary Share over (b) the Threshold for such Ordinary Share, to the extent such amount was not previously paid as a Performance Fee; and

(ii) the Performance Fee will be payable only when the Cumulative Return for any Ordinary Share is greater than the High Water Mark for such Ordinary Share.

The Performance Fee, if any, due to the Manager in respect of any Ordinary Share will be calculated, and be payable, in respect of each financial year, except that the Performance Fee will be calculated (i) from the date of issuance of such Ordinary Share to the last day of the financial year in which such Ordinary Share is issued, (ii) from the beginning of the financial year in which such Ordinary Share is repurchased until the repurchase date of such Ordinary Share, (iii) from the beginning of the financial year in which the Company is wound up until the winding-up date or (iv) in respect of such other period as the Directors may determine, as applicable, in each case by reference to the increase (if any) in the Cumulative Return for such Ordinary Share over the Threshold for such Ordinary Share between the first day and the last day of such period. In each case, the Performance Fee will be payable on the last day of the relevant period.

The Administrator will make all such adjustments as may be necessary or appropriate to the calculation of the Base NAV, the High Water Mark, the Threshold, the Net Asset Value, the Cumulative Return and all other relevant items to take account of (i) the issue on 18 January 2007 of the second tranche of Ordinary Shares to be subscribed by investors pursuant to the terms of the Placing and Subscription Letters, (ii) additional payments of share capital (if any) to the Company in respect of Ordinary Shares and (iii) distributions (if any) made by the Company in respect of Ordinary Shares. All references to such terms and other relevant items shall, where appropriate, be deemed to be references to such terms and other relevant items after giving effect to the aforementioned adjustments.

The Manager will pay all normal operating expenses incidental to the provision of its services to the Company, including its own overheads, personnel and travel expenses.

Sub-Administrator

The Administrator will pay the Sub-Administrator a fee for its services under the Sub-Administration Agreement. The Company will reimburse the Sub-Administrator for all reasonable, duly incurred out-of-pocket expenses, reasonably incurred.

Registrar

The Registrar is entitled, pursuant to the Registrar Agreement, to a minimum annual registration fee of £4,500 and an annual fee of £1,500 for the maintenance of the share register of the Company and provision of a UK transfer agent. Other fees are payable according to the usage of the services by the Company. The Company will reimburse the Registrar for all reasonable disbursement costs incurred in the proper execution of its duties to the Company.

Other Operating Expenses

The Company will pay all the costs and administration of the Company including: (i) charges and expenses of its legal advisers; (ii) broker commissions (if any) and any issue or transfer taxes chargeable in connection with its investment transactions; (iii) all taxes and corporate fees payable to governments or agencies;

(iv) communication expenses with regard to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, admission documents and similar documents; (v) the cost of insurance for the benefit of the Directors; (vi) litigation and related expenses and other expenses not incurred in the ordinary course of business; and (vii) other organisational and operating expenses.

8. Ordinary Share Discount Protection and Repurchase Facility

The Company may effect purchases of the Ordinary Shares in order to narrow any discount to Net Asset Value Per Ordinary Share in relation to the price at which Ordinary Shares may be trading. Any such repurchases will be made at the price prevailing in the market.

Articles adopted by the Company by special resolution dated 25 September 2006 entitle the Company, conditional upon the issue of Placing Shares, to make market purchases of shares in accordance with the Companies (Purchase of Own Shares) Ordinance, 1998, if at any time the Ordinary Shares trade at a discount to the Net Asset Value of greater than 10% for 20 consecutive Business Days as determined by the Manager from time to time, provided that:

(i) the maximum number of Ordinary Shares authorised to be purchased is up to 14.99% of the Ordinary Shares in issue immediately following the conclusion of the Placing (rounded down to the nearest whole number);

(ii) the minimum price which may be paid for an Ordinary Share is US$0.01;

(iii) the maximum price which may be paid for an Ordinary Share is no more than 5% above the average of the middle market quotation for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which such Ordinary Share is purchased; and

(iv) such authority expires at the earlier of 18 months from the date of the resolution and the conclusion of the first annual general meeting of the Company. The Company may make a contract to purchase Ordinary Shares under such authority prior to its expiry, which will or may be executed wholly or partly after its expiration and the Company may make a purchase of Ordinary Shares pursuant to any such contract.

A renewal of the authority to make purchases of the Ordinary Shares will be sought from Shareholders at each annual general meeting of the Company, or more frequently at a general meeting of the Shareholders if required. Any such market purchases effected pursuant to such authority may be made by the Directors in their absolute discretion.

In the event of a market purchase of Ordinary Shares, Ordinary Shares so purchased may be either cancelled or held as treasury shares by the Company in accordance with the provisions of the Companies (Purchase of Own Shares) (Treasury Shares) Ordinance, 2006. The Company may not hold more than 10% of the total number of issued Ordinary Shares or of the issued shares any other class, in treasury. The Company may not exercise any rights (including voting rights) in respect of treasury shares whilst such shares are held in that capacity.

In addition, any Shareholder who in aggregate holds, as at the time of subscription or at any time thereafter, more than 7.5% of the outstanding share capital of the Company may request the Company to repurchase all or part of its Ordinary Shares at the expense of such Shareholder at the end of the calendar quarter during which such request was received by the Company. Subject always to the discretion of the Directors and the AIM Rules, the Company may pay such Shareholder the proceeds of such repurchase by putting the Cyprus Subsidiary in funds, from the Company's distributable profits, to transfer a *pro rata* portion of the securities in the Company's portfolio which are held by the Cyprus Subsidiary, and which may be adjusted in the Directors' discretion to protect the value of the Company's portfolio as a whole, at or before the end of the calendar quarter immediately following the calendar quarter during which such request was received by the Company. Any such distributions will be effected so as to avoid any material prejudice to the interests of the remaining Shareholders.

Prospective investors should note that the exercise of the Company's power to repurchase Ordinary Shares is entirely discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions.

9. Dividend Policy

The Company's objective is to achieve capital growth. It is therefore anticipated that all income and capital gains derived from the Company's investment programme will be re-invested. However, income and capital gains may be distributed to Shareholders, if the Directors deem it appropriate. To the extent that any dividend is declared, it will be paid in compliance with any applicable laws.

10. Tax Status of the Company

The Company will apply on an annual basis for tax exempt status in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. An annual fee of £600 is payable for exemption. Under the terms of this ordinance, the Company will be treated for Guernsey tax purposes as not being resident in Guernsey. The Company will also be able to invest in other Guernsey exempt companies and exempt investment schemes without incurring any liability to income tax in Guernsey.'

Further information regarding UK, Guernsey, Russian, Cyprus and US taxation for prospective Shareholders is set out in Part 4 of this document, headed "Taxation".

11. Directors

The Directors are responsible for the overall management and control of the Company. The Directors will review the operations of the Company at regular meetings and intend to meet at least quarterly (and more often, if required) in Guernsey (or, if appropriate, in another convenient location outside the United Kingdom and Russia).

For the purposes of this document, the address of the each of the Directors is the registered office of the Company. Each of the Directors is an independent non-executive director.

Julian Reid (Chairman)

Julian Michael Ivo Reid (62) has spent some 35 years in the financial services industry. His primary work has been in securities research, marketing, business development and management. Mr Reid has developed, administered and directed numerous investment companies that have been listed on the major stock markets of the world. Mr. Reid founded an offshore alternative investment holding company, 3aFundsInc, in 1998, and was its managing director until 2006. He is currently chairman of The Korea Fund Inc., which is listed on the New York Stock Exchange, and is also a director of JF China Fund Inc. He was until recently Chairman of the Saffron Fund Inc., also listed on the New York Stock Exchange, and chairman of Morgan's Walk Properties Limited. Mr. Reid spent 25 years in Asia, between Hong Kong and Singapore, most recently as a director within the Jardine Fleming Group, and other listed companies, both in the Jardine Group and independent investment companies listed on the New York, London, Hong Kong, Singapore and Karachi stock exchanges.

Paul Hart

Paul Anthony Hart (48) is a managing partner at Acanthus Advisers LLP. Acanthus Advisers is an independent firm focused on the private equity industry and providing fund placement and corporate advisory services. After qualifying as a Chartered Accountant in 1982, Mr Hart joined the corporate finance team at Charterhouse Japhet, and subsequently moved to Enskilda. In the seven years he was employed by Enskilda, he held a number of senior positions, eventually being appointed head of all capital markets (London) and head of equities, as well as being a member of the Investment Bank Executive Committee. In 1992, Mr Hart left to join Robert Fleming & Co as head of EMEA Equities. He became chief executive of non-Asian securities and a member of the Robert Fleming & Co executive committee. During this period, he was instrumental in setting up Fleming's broking activities in Poland and Russia. In 2000, Mr Hart joined Hawkpoint Partners and subsequently left to co-found Acanthus Advisers LLP. Mr Hart's other directorships include Neptune Investment Management, Acanthus Advisers Private Equity and Coneta Investments.

Anthony Hall

Anthony Arthur Hall (67) has nearly 50 years' experience in the financial services industry. He worked for Barclays Bank between 1955 and 1970, and between 1970 and 1976 he held positions with N.M. Rothschild, Guernsey; Bank of London & Montreal, Nassau; and Italian International Bank (CI) Limited, Guernsey. In 1976, Mr Hall was appointed as managing director of Rea Brothers (Guernsey) Limited and from 1987 to 1995 he was joint managing director of Rea Brothers Group Plc. He served as chairman of Rea Brothers (Guernsey) Limited from 1995 to 1996. Mr. Hall was founder deputy chairman of Guernsey International

Banking Association and was Chairman of the Association of Guernsey Bankers in 1994. Mr Hall has been granted a personal fiduciary licence by the Guernsey Financial Services Commission and serves as a non-executive director of a number of other listed and unlisted investment funds.

Roger Phillips

Roger Phillips (40) has been involved with the offshore finance industry since 1981 and has specialised in offshore funds since 1986. He is a former director of Royal Bank of Canada Offshore Fund Managers Limited, which is the manager of its own stable of funds and a provider of third party fund administration services in Guernsey. Mr Phillips joined Kleinwort Benson in 2001 and in 2003 was appointed a Director of Kleinwort Benson (Guernsey) Trustees Limited, which acts as trustee to several regulated offshore funds. During his time with Kleinwort Benson, Mr Phillips acted as company secretary to companies listed on the Dublin, Channel Islands and London Stock exchanges. Mr Phillips has since been appointed to the board of the Kleinwort Benson Elite PCC Limited and is now an independent non-executive director and consultant. Mr Phillips is a member of the Guernsey Investment Fund Association.

Paul Edward Tierney, Jr

Paul Tierney, Jr's (63) investment business career started in 1970, specialising in money management and transportation equipment financing. From 1975 to 1978, Mr Tierney, Jr worked in the corporate finance department of White, Weld & Co. Incorporated. He became a senior vice president of White, Weld and then a managing director of its acquirer, Merrill Lynch & Co., with overall responsibility for transportation finance. In 1978, Mr Tierney, Jr co-founded Gollust, Tierney and Oliver, the managing general partner of Coniston Partners and several other investment entities. Mr. Tierney, Jr has been the managing member of Development Capital since 2002 and general partner of Aperture Venture Partners, L.P., an early stage venture capital fund focused on the health care industry.

12. Manager

The Company has appointed Prosperity Capital Management Limited as the Manager, to provide it with investment management services. The Manager is a leading manager of Russian equity funds. It was incorporated with limited liability and registered as an exempted company under the laws of the Cayman Islands on 29 March 1996 (with registered number 65221 (telephone number of registered office: +1 345 949 8066). It obtained a restricted Mutual Company Administrator's Licence from the Inspector of Financial Services of the Cayman Islands on 6 September 1996. It is registered as an investment adviser with the SEC under the Investment Advisers Act. It had assets under management of approximately US$2.4 billion as at 31 July 2006. It has managed special situations funds since 1999, when The Prosperity Quest Fund was launched. The Prosperity Quest Fund is an umbrella fund investing in opportunities arising from the restructuring of various sectors of the economies of Russia and other NIS countries. Its sub funds include the Telecom Sub Fund, the Power Sub Fund and the Diversified Sub Fund. The Diversified Sub Fund, like the Company, has a restructuring strategy diversified across sectors of the Russian and other NIS economies. However, since The Prosperity Quest Fund is an open-ended fund, it will normally have a portfolio with more liquid investments than the Company, which is closed-ended, is expected to have.

The indirect controllers of the Manager are Mattias Westman, Paul Leander-Engström and Alexander Branis.

13. Adviser

The Manager has appointed Prosperity Capital Management (RF) Limited as the Adviser. The Adviser provides the Manager with securities research, investment evaluation and investment recommendations relating to the investment programme of the Company. The Adviser was incorporated with limited liability and registered as an exempt company under the laws of the Cayman Islands on 11 April 2005 (with registered number 147375) (telephone number of registered office: +1 345 949 8066). The Adviser has the benefit of on-the-ground research on Russian investments through its representative office in Moscow. The representative office is managed by Alexander Branis, Chief Investment Officer, and is permanently staffed.

The following are the curricula vitae of the principal executives of the Adviser:

Alexander Branis

Mr Branis was born in 1977 and is a Russian citizen. From 1995 to 1997, Mr. Branis worked at two St Petersburg-based brokerage houses: Severnaya Finansovaya Kompaniya and Lenstroymateriali, where he was co-head of foreign sales. He was on the state council working group appointed by President Putin to

advise on the restructuring of the electricity sector and also vice-chairman of the RAO UES working group. Mr. Branis is a director of Akrihin (a pharmaceutical company), Ostankino Dairy (a dairy company) and also OGK 5 (a power generation company) and MRSK Centre and Northern Caucasus (an electricity distribution company) and has previously been a director of the following electricity companies: RAO UES, Power Machines, Lenenergo, Kubanenergo, Tverenergo and Rostovenergo. Mr. Branis is also a Vice Chairman of the Investor Protection Association in Russia. He has been with the Adviser's group since early 1997. He has a degree of bachelor of management from the Moscow Academy of National Economy and is also a chartered financial analyst (CFA). He is a fluent English speaker.

Ivan Mazalov, CFA

Mr Mazalov was born in 1972 and is a Russian citizen. He has been with the Adviser's group since September 2003. His main responsibility is oil and gas research in collaboration with Mattias Westman, who was responsible for this sector until the employment of Mr. Mazalov. Mr. Mazalov worked for Commerzbank Securities in London between 2002 and 2003 as lead EMEA oil and gas analyst. Prior to this, between 1999 and 2001, he worked at the Russian brokerage house Troika Dialog as senior analyst for oil and gas. Mr Mazalov's team won first place in the Thomson Extel Survey for 2001 Russian research. He has also worked for Brunswick UBS Warburg. Mr. Mazalov has a BA from the St Petersburg State University and he is also a chartered financial analyst. He is a fluent English speaker.

14. Administrator

The Company has appointed Kleinwort Benson (Channel Islands) Fund Services Limited as the Administrator, to provide administrative and company secretarial services to the Company. The Administrator is a limited company incorporated in Guernsey and is licensed and regulated by the GFSC. The Administrator will carry on the general administration of the Company and maintain such financial books and records as are required by law or otherwise for the proper conduct of their financial affairs.

15. Sub-Administrator

The Administrator has, with the consent of the Company, appointed Investors Fund Services (Ireland) Limited as the Sub-Administrator, to perform certain of the Administrator's duties and functions under the Administration Agreement, subject to the overall supervision of the Administrator. The Sub-Administrator is a limited company incorporated in Ireland and is licensed and regulated by the IFSRA as an investment business firm under Section 10 of the Irish Investment Intermediaries Act, 1995.

16. Registrar

The Company has appointed Capita Registrars (Guernsey) Limited to provide it with registrar services in respect of the Shareholders. The Registrar is a limited company incorporated in Guernsey and is authorised by the Guernsey Financial Services Commission under the provisions of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, to provide registrar services in Guernsey.

17. Custodian

The Cyprus Subsidiary has appointed ING Bank (Eurasia) ZAO to provide custodial services to the Cyprus Subsidiary in respect of its investments. The Custodian is a closed joint stock company incorporated in Russia on 13 September 1993 (registered number 2495) (telephone number of registered office: +7 (495) 755 5400), a wholly-owned subsidiary of ING Group and is licensed by the Central Bank of Russia to service residents and non-residents of Russia in Roubles and hard currencies.

18. Admission and Dealings in CREST

Application will be made to the London Stock Exchange for the issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will take place and that dealings on AIM will commence at 8:00 a.m. on 6 October 2006.

Application will be made to permit Ordinary Shares to be settled through CREST with effect from Admission. CREST is a paperless settlement procedure enabling title to securities to be evidenced otherwise than by a certificate and transferred other than by a written instrument. The Articles permit the holding of Ordinary Shares in uncertificated form in the CREST system. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain a share certificate will be entitled to do so. Ordinary Shares held through CREST will be subject to a notation that the transfer of such Ordinary Shares is restricted. The purpose of this is to draw the attention of potential investors to the restrictions set out below in Section 19 of

this Part 1. All Ordinary Shares held by US Persons will be in certificated form. Should other certificated Shareholders wish to hold Ordinary Shares in CREST, they will need to follow the requisite CREST procedures for the dematerialisation of their Shareholding.

19. Transfer Restrictions Relating to US Securities Law and ERISA

The Ordinary Shares have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States or to a US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable US state securities laws. Further, the Company has not been, and will not be, registered under the Investment Company Act and investors will not be entitled to the benefit of the Investment Company Act. The Ordinary Shares are being offered and placed (i) outside the United States to non-US Persons in offshore transactions in reliance on Regulation S and (ii) within the United States in a private placement to US Persons that are both ''accredited investors'' pursuant to Regulation D and ''qualified purchasers'' pursuant to Section 2(a)(51) of the Investment Company Act.

Ordinary Shares initially offered and sold outside the United States to non-US Persons will be in uncertificated form (unless a share certificate is required by the purchaser). Each initial purchaser of such uncertificated shares shall make a representation to the Company that it is not a US Person and that it has acquired the Ordinary Shares in an offshore transaction pursuant to Regulation S. Any subsequent transfer of uncertificated shares and any beneficial interests therein may be made only (i) outside the United States to a non-US Person in an offshore transaction that qualifies for the exemption pursuant to Regulation S, or (ii) within the United States to a US Person that is both a ''qualified institutional buyer'' within the meaning of Rule 144A and a ''qualified purchaser'' pursuant to the Investment Company Act. Any such transferee shall be deemed to have made a representation to the Company that it satisfies one of the requirements referred to in (i) or (ii). If any Ordinary Shares held in uncertificated form are transferred to a US Person that provides written confirmation to the Registrar that it meets the requirements in (ii) above, the transferee will be issued with a new share certificate in respect of such Ordinary Shares and such Ordinary Shares will thenceforth be dealt with outside CREST.

Ordinary Shares initially offered and sold in the United States to US Persons that are both ''accredited investors'' pursuant to Regulation D and ''qualified purchasers'' pursuant to Section 2(a)(51) of the Investment Company Act will be in certificated form. The Company will require a representation from any initial purchaser of Ordinary Shares who is in the United States or is a US Person that it is both an ''accredited investor'' and a ''qualified purchaser'', as specified in the preceding sentence. Any subsequent transfer of certificated Ordinary Shares and any beneficial interests therein may be made only (i) outside the United States to a non-US Person in an offshore transaction that qualifies for the exemption pursuant to Regulation S or (ii) within the United States to a US Person who certifies that it is both a ''qualified institutional buyer'' within the meaning of Rule 144A and a ''qualified purchaser'' as defined in Section 2(a)(51) of the Investment Company Act. The transferee must provide a letter of representation to this effect to the Registrar, who will refuse to register the transfer prior to receipt of such assurances. A transferee of certificated Ordinary Shares who is outside the United States or is a non-US Person will be required to provide the Registrar with written confirmation that it has purchased the Ordinary Shares in an offshore transaction that qualifies for exemption pursuant to Regulation S and that it is a non-US Person. Such a non-US transferee may elect to surrender the certificate in exchange for uncertificated Ordinary Shares, which will be eligible to be settled through CREST.

In order to prevent the assets of the Company from being deemed ''plan assets'' subject to ERISA, Benefit Plan Investors subject to ERISA or Section 4975 of the Code, any plan, account or arrangement that is subject to Similar Laws, and any entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement, are prohibited from owning Ordinary Shares. The Company will require a representation and warranty from any subscriber for Ordinary Shares that it is not acquiring such Ordinary Shares for or on behalf of Benefit Plan Investors subject to ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement.

Further information on these restrictions and the representations required from investors is contained in Section 4, headed ''Memorandum and Articles — Restrictions on Transfer of Shares'', and in Section 7, headed ''Restrictions on Offering of Placing Shares in Respect of US Persons'', of Part 5 of this document.

20. Net Asset Value Calculation and Publication

On each Valuation Point or other reference point, as appropriate, the Administrator will calculate the Net Assets and the Net Asset Value of the Company. The Administrator will also calculate the Net Asset Value Per Ordinary Share. In calculating the Net Asset Values and the Net Asset Value Per Ordinary Share, the Administrator, in respect of any unlisted securities held by the Company, will rely upon valuations based on the pricing principles set out below. All such calculations made by the Administrator shall, in the absence of manifest error, be binding on Shareholders. The Company will, in the event that and so long as the Ordinary Shares are listed on AIM, notify AIM of the Net Asset Value Per Ordinary Share immediately following its calculation. The Administrator will also publish the Net Asset Value Per Ordinary Share on Bloomberg for the benefit of Shareholders.

The Net Asset Value will be computed as the sum of the value of the Company's investments plus any cash or other assets held by the Company (including interest accrued but not yet received) minus all liabilities (including accrued expenses, which include, without limitation, the fees and certain expenses of the service providers of the Company and unamortised expenses). Valuations will be carried out, at the close of business on the markets where the Company's investments are traded, on Friday of each calendar week, at such close of business on the last day of each calendar month (unless, in each case, such day is not a business day in each of Russia, the United Kingdom and Guernsey, in which case the valuation will be carried out on the immediately preceding such business day) and on such other occasions as the Directors may determine.

In determining the Net Asset Value (which will be rounded to the nearest cent), the Administrator will apply the following principles:

(i) unquoted investments will be valued at the fair market price obtained from at least two reputable brokers of Russian securities;

(ii) securities which are listed on an official stock exchange or traded on any other regulated market will be valued at the last available trade price on the principal market on which such securities are traded in cases where such last trade price is within the bid/ask spread at the time of the valuation and, if such last trade price falls outside of such spread at the time of valuation, at the average of the best bid and the best ask price for such security, or according to the principle set out in (i) above; and

(iii) the value of assets or liabilities in currencies other than US Dollars will be converted into US Dollars at the prevailing market rate for such currencies at the relevant Valuation Point.

If extraordinary circumstances render a valuation pursuant to the above principles impracticable or inadequate, the Directors shall procure that the Administrator discuss with the Auditors whether alternative methodologies should be adopted and, if so, to adopt such alternative methodologies as are proposed by the Auditors. The relevant assets of the Company would then be valued accordingly. Shareholders will be notified of any such alternative methodology which is material in the circumstances.

Subject as provided in this paragraph, the Net Asset Value will be calculated, and the accounts of the Company will be prepared, in accordance with IFRS. The establishment expenses of the Company will be amortised on a straight line basis over the two years immediately following Admission. The Company may, if appropriate, capitalise any other expense of the Company and amortise such expense over such period as the Directors determine to be appropriate. The amortised amount shall be deemed a liability of the Company and the unamortised amount shall be deemed an asset of the Company.

21. Suspension of Calculation of Net Asset Value

The Company may temporarily suspend the determination of the Net Asset Value in any of the following events:

(i) when one or more stock exchanges, or other regulated markets which provide the basis for valuing a substantial portion of the Company's assets, or when one or more foreign exchange markets in the currency in which a substantial portion of the Company's assets is denominated, is or are closed otherwise than for ordinary holidays or if trading thereupon is restricted or suspended;

(ii) when, as a result of political, economic, military or monetary events, or any other circumstances outside the control of the Company, the disposal of a substantial part of the Company's assets is not reasonably or normally practicable without being seriously detrimental to the interests of the Shareholders;

(iii) in the case of breakdown in the normal means of communication used for the valuation of a substantial portion of the Company's assets or if, for any reason, the value of a substantial portion of the Company's assets may not be determined as rapidly and accurately as required;

(iv) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, a substantial amount of transactions on behalf of the Company is rendered impracticable; or

(v) if purchases and sales of a substantial portion of the Company's assets cannot be effected at normal rates of exchange.

The Directors will immediately notify AIM and will promptly notify the Shareholders in writing of any such suspension and of the termination of any such suspension. Where possible, all reasonable steps will be taken to bring the suspension to an end.

Where any of the events referred to in (i) to (iv) above does not affect a substantial portion of the Company's assets or a substantial amount of transactions on behalf of the Company, as appropriate, then historic valuations of the affected assets shall be used to calculate the Net Asset Value, unless the Administrator, on the recommendation of the Auditors, adopts alternative methodologies in calculating the Net Asset Value.

22. Borrowing Powers

The Articles contain standard borrowing powers for the Company, to borrow up to US$75,000,000, which powers may be exercised by the Board. It is intended that the Company will rely on the proceeds of the Placing to fund its initial investments and operations. However, the Company may subsequently exercise its borrowing powers in connection with its investment programme within the aforementioned limit.

23. Liquidity Events

The Company, acting on the advice of the Manager and taking account of the investment programme of the Company and the prevailing conditions of the local markets, will no later than the fifth anniversary of Admission and each following anniversary put to the vote of the Shareholders the option of realising the Company's investments and winding up the Company, which the Company would seek to carry out within six months of the date of such determination.

The Company will pursue such option if it is voted for by not less than 75% of members voting on the resolution. If such option is not voted for by such majority, the Company will continue to conduct its operations pursuant to its existing investment objective and arrangements.

The Manager may recommend to the Directors to put to the Shareholders a resolution to wind up the Company and distribute the proceeds at any time after Admission, provided that the Shareholders have been informed of the reasons for such action. Any resolution to wind up the Company must be approved by 75% of members voting on the resolution.

A transfer of Ordinary Shares made after the commencement of a voluntary winding-up is void, save for a transfer to, or with the sanction of, the Company's liquidator. The Company must cease to carry on business from the commencement of a voluntary winding-up, save insofar as is required to release the Company's assets and to discharge the Company's liabilities and, having done so, to distribute any surplus among the members having regards to their respective entitlements.

24. Reports and Accounts

The accounts of the Company will be prepared in US Dollars and the Company's financial year-end is December 31. Shareholders, the GFSC and AIM will receive the annual report and audited accounts of the Company promptly after these are available, and in any event within six months of the Company's financial year-end, and a half-yearly report and unaudited accounts of the Company promptly after these are available, and in any event within three months of the end of the financial period to which they relate, or in each case as otherwise required by the AIM Rules.

PART 2

RISK FACTORS

General

Investors are referred to the risks set out below. No assurance can be given that Shareholders will realise a profit or will avoid a loss on their investment. The Ordinary Shares are suitable only for investors who understand, or who have been advised of, the potential risk of capital loss from an investment in the Ordinary Shares and that there may be limited liquidity in the Ordinary Shares and the underlying investments of the Company, for whom the investment in the Ordinary Shares is part of a diversified investment portfolio and who fully understand the risks involved with such an investment. The risks referred to below do not purport to be exhaustive and investors should review this document carefully and in its entirety and consult with their professional advisers before making an application for Ordinary Shares.

An investment in the Company involves a high degree of risk, including the risk that the entire amount invested may be lost. Investment in the Company involves risks not normally associated with companies investing in more developed and more politically and economically stable jurisdictions with more sophisticated capital markets and regulatory regimes, such as the United States, Western Europe and Japan. Prospective investors should consider the following additional factors in determining whether an investment in the Company is a suitable investment:

Company Risks

Lack of Operating History

The Company does not have an operating history upon which investors may base an evaluation of the likely performance of the Company. The past performance of the Manager may not be indicative of the future performance of the Company.

Reliance on Key Advisers

The success of the Company depends upon the ability of the Manager to develop and implement investment strategies that achieve the Company's investment objective and the ability of the Adviser to provide advice in relation to the Company's investment programme. If the Manager were to become unable to participate in the management of the Company, or the Adviser were unable to advise on the investment programme of the Company, the consequence to the Company could be material and adverse and could lead to the premature winding-up of the Company.

Other Clients of the Manager and its Affiliates

The Manager makes investments on behalf of all accounts and other pooled investment vehicles which it manages or advises in accordance with the stated investment objective and strategies of each such account and pooled investment vehicle. At times, the Manager and its Affiliates, including the Adviser, may purchase the same security in an aggregate amount for allocation to one or more of such accounts and pooled investment vehicles. Allocations are generally made among such accounts and pooled investment vehicles by taking account of their available cash, specific investment strategies and the size of the order. For pooled investment vehicles, including the Company, allocations generally reflect available cash commitments, unless the Manager determines another method of allocation is more equitable. Russian securities may not be as liquid as securities in other markets. Allocations of illiquid securities are made in a manner deemed fair and equitable by the Manager. The Manager believes that the principles described in this paragraph are fair and equitable as a general matter, but they may not be so in every instance. This may result in the Company having a smaller share of any given investment opportunity than would be the case in the absence of any other accounts or pooled investment vehicles managed or advised by the Manager. It is the Manager's policy that preferential treatment should not be given to any particular account or pooled investment vehicle.

Profit Sharing

In addition to receiving the Management Fee, the Manager receives the Performance Fee, which is based on the appreciation in the Net Asset Value Per Ordinary Share. Accordingly, the Performance Fee will increase with regard to unrealised, as well as realised, gains. The Performance Fee may create an incentive for the Manager to make investments for the Company which are riskier than would be the case in the absence of a fee based on the increase in the Net Asset Value Per Ordinary Share.

ERISA

If 25% or more of the Ordinary Shares (calculated in accordance with ERISA) or any other class of equity interest in the Company is owned by Benefit Plan Investors and any such Benefit Plan Investor is subject to ERISA or Section 4975 of the Code, the Company's assets could be deemed to be ''plan assets'' subject to the constraints of ERISA or Section 4975 of the Code. Accordingly, no Benefit Plan Investor subject to ERISA or Section 4975 of the Code, or plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement, will be permitted to acquire Ordinary Shares.

Because the Ordinary Shares will be publicly traded, there can be no assurance that the Ordinary Shares will not be acquired by Benefit Plan Investors subject to ERISA or Section 4975 of the Code, a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement, and thereby causing the assets of the Company to be deemed ''plan assets'' subject to ERISA, Section 4975 of the Code or Similar Laws. Any Benefit Plan Investor that is subject to ERISA or Section 4975, any plan, account or arrangement that is subject to Similar Laws, or any entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement, that acquires Ordinary Shares will be subject to the mandatory transfer provisions contained in the Articles. In the event the Company's assets are deemed to be ''plan assets'', the Manager would be deemed a fiduciary subject to ERISA and the transactions engaged in by the Company would be subject to ERISA's burdensome fiduciary and prohibited transaction rules.

Consequences of Commitment Under the Placing and Subscription Letters

Under the terms of the Placing and Subscription Letters, Shareholders will have given an irrevocable commitment to subscribe for the entirety of the number of Placing Shares they wish to acquire in two tranches; the first, constituting 50% of those Placing Shares, being subscribed for on Admission and the second, constituting the remaining 50%, on 18 January 2007. Both tranches must be subscribed for at the Placing Price. However, the quoted price for buying Ordinary Shares, and the Net Asset Value Per Ordinary Share, at the date of subscription for the second tranche of Placing Shares may be higher or lower than the Placing Price.

Although the commitment of Shareholders to subscribe for their second tranche of Placing Shares is irrevocable, it is possible that some may default on that contractual commitment. The Company may have recourse against the defaulting Shareholder for breach of its contractual obligation, which may entitle the Company to claim monetary compensation. However, such compensation may not exactly match the loss to the Company in respect of the defaulted commitment and the Company may therefore receive less monies pursuant to the Placing than it had expected. This may have a consequential effect on the Company's ability to pursue its investment strategy, which may in turn affect the value of Ordinary Shares in the future.

Furthermore, if Net Asset Value Per Ordinary Share at the date of subscription for the second tranche of Placing Shares is less than the Placing Price, a default by one or more Shareholders on their contractual commitment to subscribe for their second tranche of Placing Shares may also have adverse consequences for other Shareholders who comply with their obligation to subscribe and pay for their second tranche: the value of each Ordinary Share held by the non-defaulting Shareholders would be diluted and the value of each Ordinary Share held by the defaulting Shareholders would appreciate, as a result of the default.

Dividends

The level of dividend that may be paid on the Ordinary Shares (if any) is not guaranteed and may fluctuate.

If under Guernsey law there were to be a change to the basis on which dividends could be paid by Guernsey companies, or if there were to be changes to accounting standards or the interpretation of accounting standards, this could have a negative effect on the Company's ability to pay dividends.

Shareholders should note that the Company's objective is to achieve capital growth. It is therefore anticipated that all income and capital gains derived from the Company's investment programme will be reinvested. While the Directors have a discretion to declare dividends if they deem it appropriate, Shareholders should not anticipate that they will be declared as a matter of course.

Shareholder Investment Risks

Availability of Investments

The success of the Company's investment activities will depend on the Manager's ability to identify investment opportunities, as well as to assess the import of news and events that may affect the financial

markets. Identification and implementation of the investment strategies to be pursued by the Company involves a high degree of uncertainty. No assurance can be given that the Manager will be able to identify suitable investment opportunities in which to deploy the Company's assets or that it will successfully implement the investment strategies to be pursued by the Company.

Investment Objective

There can be no guarantee that the investment objective of the Company will be met. The Company's ability to achieve its investment objective may be adversely affected in the event of any significant or sustained changes in the Company's target investment markets or volatility in such markets.

The acquisition of interests in companies established or having their principal operations in Russia is a key part of the Company's strategy. Such an acquisition strategy involves certain risks including, *inter alia*, unidentified past or future liabilities relating to such companies and inability to receive accurate and timely information about such companies' operations in order to make informed investment decisions. Prospective investors should regard an investment in the Company as long-term in nature.

Underperformance or failure of one or more of the Company's investments may have an adverse effect on the value of the Ordinary Shares.

It May Be Difficult for Shareholders to Realise their Investments on AIM

It may be more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares or other securities are quoted on the Official List. The AIM Rules are less demanding than those of the Official List. An investment in a share that is traded on AIM is likely to carry a higher risk than an investment in a share quoted on the Official List. AIM has been in existence since June 1995, but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed.

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a larger number of factors, some specific to the Company and its investments and some of which may affect companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares particularly as, on Admission, the Company will have a limited number of shareholders. The market for shares in smaller companies, including the Company, is less liquid than for larger companies. The Company is aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the price of the Ordinary Shares may be subject to greater fluctuation on small volumes of shares, and the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the Net Asset Value.

In addition, the share price of publicly traded emerging companies can be highly volatile.

Leverage

The Company may, in addition to funds raised through the Placing, borrow to fund the acquisition of investments or expenses of service providers. Such borrowings may be secured against some or all of the Company's assets.

The application of leverage will magnify the adverse impact on the Company caused by defaults in the underlying investment portfolio. Also, since the borrowing limit is a monetary amount, being US$75,000,000, the leverage of the Company will increase in proportion to the decrease in Net Asset Value. Since the Company's investments will typically be subordinated to more senior claims on the underlying assets, any borrowings by the Company will be incremental to leverage already inherent in those investments. Therefore, in the event of a default in the assets underlying the investments in the Company's portfolio, the level of losses suffered by the Company would be proportionately higher as a function of the aggregate leverage implicit in each of the Company's investments and a relatively small number of defaults could have a materially detrimental effect on returns to the Company, and therefore Shareholders.

Unsuccessful Transaction Costs

There is a risk that the Company may incur substantial legal, financial and advisory expenses arising from unsuccessful transactions, which may include public offer and transaction documentation, legal, accounting and environmental due diligence.

Net Asset Value Considerations

Fluctuations in Net Asset Value

The Net Asset Value Per Ordinary Share is expected to fluctuate over time with the performance of the Company's investments. A Shareholder will not fully recover its initial investment if its Ordinary Shares are repurchased, whether at the option of the Company (upon the request of the Shareholder), or upon a compulsory repurchase by the Company, if the Net Asset Value Per Ordinary Share at the time of such repurchase is less than the Placing Price paid by such Shareholder.

Trading at Discount to Net Asset Value Per Ordinary Share and Ordinary Share Repurchase Facility

Closed-ended investment funds such as the Company have historically traded at a discount to net asset value, and the Ordinary Shares may trade at a discount to the Net Asset Value Per Ordinary Share.

Articles adopted by the Company by special resolution on 25 September 2006 entitle the Company to make market purchases of up to 14.99% of the Ordinary Shares in issue in the circumstances, and subject to the conditions, set out in this document. However, there can be no guarantee that such authority will be exercised by the Directors or that, if exercised, it will reduce the discount to Net Asset Value Per Ordinary Share at which the Ordinary Shares were trading prior to the exercise of such authority. Furthermore, there can be no guarantee that such authority will be renewed by the Shareholders at the annual meeting of the Company. Consequently, there can be no expectation that Shareholders will realise their Ordinary Shares at the Net Asset Value Per Ordinary Share, or at a premium to the Net Asset Value Per Ordinary Share.

Closed-Ended Nature

The Company is closed-ended. Therefore, a Shareholder may only realise its Ordinary Shares by selling them to a third party, since it does not have the right to have them repurchased by the Company. Any Shareholder who in aggregate holds, as at the time of subscription or at any time thereafter, more than 7.5% of the outstanding share capital of the Company may request the Company to repurchase all or part of its Ordinary Shares subject to the conditions set out in this document. However, any such repurchase is entirely at the discretion of the Directors and there can be no expectation that any repurchase request will lead to the Ordinary Shares in question being repurchased.

Portfolio Company Investment Risks

Ownership

There is the possibility that management of one or more portfolio companies in which the Company has an investment may dispose of corporate assets at a price which is disadvantageous to the shareholders. New issues without information to all existing shareholders have taken place in the past and could occur again.

Minority Shareholder Rights

Although a new Company Law has been adopted in Russia which strengthens the position of minority shareholders, there is no guarantee that minority shareholders will be treated fairly. A high level of corporate restructuring including, for example, mergers between different entities, is expected in the Russian market and this has resulted in unfavourable terms for minorities in the past.

Unfair Terms During Consolidation of Various Assets

Russian companies will normally hire professional advisers to ensure that comprehensive valuation methodology is used in order to determine consolidation terms for various types of assets. At the same time, given substantial changes in the operating environment being currently experienced by the industry and expected during the next several years, the determination of the relative values of different businesses is difficult. In addition, management and strategic shareholders are often majority shareholders and may have different objectives from those of minority shareholders.

Management

Russian management teams may not have the capabilities required to manage a company in a new, more competitive environment. Vital financial, production and marketing skills may be missing. Management may make misrepresentations regarding their company's actual state.

Lack of Liquidity

The limited size of the Russian market for securities may result in a lack of liquidity, especially when the investment climate deteriorates. This means that an investor, such as the Company, wanting to liquidate its position might find this difficult, or only possible at a very disadvantageous price. For example, if distributions received by the Company are insufficient to meet expenses, the Company may be forced to dispose of investments at a less than favourable price.

Lack of Transparency

Given the low transparency of some stocks, purchase and sale prices of such stocks may be considerably less attractive than prices which may be achieved in a more transparent market.

Reporting Standards

Accounting, auditing and financial reporting standards and requirements in Russia are in many respects less stringent and less consistently applied than in most Western countries. Less information is available to investors investing in Russian companies than to investors investing in Western companies, and historic information is not necessarily comparable or relevant. The items appearing in financial statements of a Russian company, even if prepared according to International Accounting Standards, may not reflect the company's financial position or results, in the way that they would be reflected had such financial statements been prepared in accordance with generally accepted accounting principles in the United States, the United Kingdom or other developed countries. Nevertheless, the fact that most of the largest companies in Russia measured by market capitalisation report their results using International Accounting Standards or US GAAP has been to the benefit for investors as regards the ability to understand and interpret their financial results.

Assets and Liabilities

Many Russian companies have accumulated large accounts receivable figures, which could pose a risk to these companies. In some companies, account payables have reached high levels, which increases the risk of losing suppliers. Companies can have financial debt and tax arrears, which they are unable to service, increasing the risk of bankruptcy. Fixed assets can also be in a poor state, so that large capital investments may be required.

Bankruptcy

Russia has a bankruptcy law and companies in which the Company invests could be declared bankrupt if they were to experience severe financial problems.

Environmental Risks

The lack of environmental controls in Russia has led to a widespread pollution of air, ground and water resources. The legislative framework for environmental liability and the extent of any exposure of businesses for the costs of pollution clean-up has not been established. Accordingly, the extent of the responsibility, if any, for pollution-related liabilities of any business may not be determinable at the time the Company is considering an investment. Substantial environmental liability for one or more investments may harm the value of the Company.

Custody, Registration and Settlement

Registrars and custodians have operated for a number of years and custody, registration and settlement procedures appear to have functioned well during recent years. However, no guarantees can be given that serious problems arising in processing securities transactions, such as stock loss or settlement delays, which could cause considerable losses to the Company, will not arise. Russian securities are registered in book-entry form only and are not in practice evidenced by share certificates.

The investments of the Company will be held on behalf of the Company, either directly on a segregated basis, by the Custodian, as appropriate, or through sub-custodians, nominees, agents or delegates of the Custodian, in which case, where possible, the assets of the Company will be held in the name of the Custodian (or a nominee of the Custodian) for the account of its clients (including the Company). If this is not possible, the Custodian will use reasonable efforts to ensure the safe custody of the assets of the Company. The Company will be required to comply with various requirements of Russian securities and other laws. In particular, various consents, notifications and licenses will be required. The Company intends to seek confirmation from the counterparties with whom it transacts that they and, if applicable, their agents,

are complying with all applicable Russian securities and other laws in relation to investments made. Potential investors should, however, be aware that an entire verification of the operational structures and practices of the counterparties will not be feasible. There is therefore a risk that securities and other laws of Russia might be breached by the counterparties, which could have adverse implications directly on the Company and the securities in which the Company has sought to invest.

The regulation of nominees in the Russian securities market is not well developed and there would appear to be no uniform understanding of how nominees are to be treated in practice by the securities market regulators, the registrars of Russian issuers and the Russian tax authorities. The Interim Regulations on the Maintenance of Registers of Registered Securities Holders of July 1995 made provision for registration by registrars of nominee holders. However, in practice, registrars of Russian issuers are sometimes unclear as to how to treat nominee holders, both in terms of dividend settlement and other basic shareholder rights. It is also unclear how regulators operating in the market will continue to view nominee structures. In the context of exchange control, there is accordingly a risk, where the transaction is between offshore principals acting through Russian nominees, that the Russian Central Bank will require there to be a special license, even though settlement is offshore. The Company intends to seek confirmation from counterparties that all necessary Russian Central Bank licenses are in place to allow payments to proceed legally under their operational structure. There are some foreign investment restrictions on ownership limits and voting rights imposed by regulatory bodies, governmental decree and issuers. It is possible that, where a number of investors use the same nominee vehicle, that nominee may be treated as one investor, rather than as nominee for each of the investors, thereby restricting each investor's ability to invest up to the limits applicable to an individual investor. It appears that the Securities Law does not substantially alter the status of nominee shareholders, but no assurance can be given that their status will not be altered by interpretation of this law or by future legislation.

Prospective investors should be aware that settlement and safe custody of securities in Russia involves certain risks and considerations which do not normally apply when settling transactions and providing safe custody services in more developed countries, including:

(i) inadequate governmental supervision and regulation of the securities markets and the participants in those markets;

(ii) inefficient or non-existent clearing or settlement systems;

(iii) possible limitations to foreign ownership imposed by governments; and

(iv) share ownership records which are difficult to access.

Neither the Company nor the Custodian can guarantee that local correspondent and counterparty risk will be eliminated. In addition, counterparties appointed by the Company, the Custodian or the Manager may not hold sufficient capital to satisfy any or all liabilities which may arise from the performance or otherwise of their duties.

Legal Framework for Securities Market

The legal framework governing the Russian securities market is not considered to be as well developed as in the West. This may result in less transparency and certainty, and a less secure investment environment.

In Russia there is no insider dealing legislation. The ability of the Company to achieve its investment objectives is dependent upon the Manager being in possession of, and being able to utilise, information that is not widely known to the market. If the current regulatory position in Russia were to change, there is a risk that the number of potential investment opportunities available to the Company may be restricted and future investment returns may be reduced.

Changes in Laws or Regulations Governing the Company's Operations May Adversely Affect the Company's Business

Legal and regulatory changes could occur that may adversely affect the Company. Changes in the regulation of investment companies may adversely affect the value of the Company's investments and the ability of the Company to successfully pursue its investment strategy.

Political Risks

Renationalisation/Risk to Ownership Rights

The Russian government and President Putin have stated that the preservation and security of ownership rights are important to attracting capital to Russia. Therefore, the Manager considers the risk of renationalisation or a reverse of the results of privatisations to be very small. However, a more significant risk could come from disputes between parties over the assets of a company in which the Company has invested.

Political Chaos, Break-up of the Russian Federation, International Conflicts, Coups d'Etat

The Putin administration and President Putin have done much to solidify federal, central control over Russia's many regions. The Manager is not aware of any serious calls for exit from the Russian Federation by any Russian region, with the exception of Chechnya, where a local conflict between fundamentalists/fighters for independence are engaged in a guerrilla warfare against federal Russian forces. Russia has not always been able to contain fighting, and some incidents have taken place in neighbouring regions.

Legal System

The Russian legal system is in the midst of reform, and many laws have been rewritten to suit the market economy. There are, however, many issues which are still not fully covered by the new legislation, as well as many conflicting laws.

Legislators have not always been able to separate the subject matter of legislation and have therefore covered the same issues in several laws. Furthermore, even if the laws now exist, most of the courts, police and prosecutors have very little experience of adjudicating and enforcing the legal issues associated with a market economy, and this leads to uncertainty and delays in the legal process. Therefore, although the Manager believes that the legislative framework and administration of justice in Russia is improving, they are still likely to cause the Company uncertainty and may lead to losses on the investments. Finally, it should be noted that President Putin has emphasised the need for reform of the judiciary system in the country and some vital legal changes, e.g., in the status of judges, have taken place lately.

Economic Risks

Inflation

The re-emergence of very high rates of inflation could severely distort relative prices and adversely affect companies which are unable to keep their prices in line with input prices. Although inflation has been on a gradual declining trend in the last years, investors should be aware that there is a risk of resurgent inflation. In particular, Russia's high current account surplus and Russian Central Bank's policy of keeping Rouble appreciation down might result in a higher than expected rate of inflation.

Conduct of the Government/Political Considerations

The Putin administration, the President and his presidential administration and the Parliament have, since Putin's inauguration in March 2000, achieved a high level of co-operation in various areas such as legislation. This has led to the adoption and enactment of new important reformist laws. However, one cannot rule out that, for example, political considerations ahead of upcoming elections might lead to a slowdown in reforms or counter-productive Government initiatives.

Price Distortion

Prices in Russia can often be far from world market prices. This is to the advantage of some companies and to the disadvantage of others. Any change in the present situation could significantly change the value of any Russian investment. This is particularly true in the energy sector.

Currency

The real value of the Rouble has been relatively stable in the last few years, but swings can happen from time to time. The Rouble has been appreciating against the dollar in recent years, but depreciation against the dollar cannot be completely ruled out. Russia announced the move to full currency convertibility on 1 July 2006, which is expected to make the Rouble FX markets more efficient and fuel rapid expansion of the local fixed income markets. Since there is no hedging market, currency swings can have a considerable effect on the profits of Russian companies with overseas suppliers or customers and on the dollar value of Russian investments.

The Company's share capital is denominated in US Dollars. However, the Company's assets will generally be invested in securities denominated in currencies other than US Dollars and any income or capital received by the Company will be denominated in the local currency of investment. Accordingly, changes in currency exchange rates will affect the value of the Company's portfolio and the unrealised appreciation or depreciation of investments.

Furthermore, the Company may incur costs in connection with conversions between currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they buy and sell various currencies. Thus, a dealer normally will offer to sell currency to the Company at one rate, while offering a lesser rate of exchange should the Company desire immediately to resell that currency to the dealer. The Company will conduct its currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-US Dollar currencies. It is anticipated that most of the Company's currency exchange transactions will occur at the time securities are purchased and/or sold and will be executed through the local broker or custodian acting for the Company.

Lack of Developed Banking Infrastructure

The Russian government's default on its obligations on its internal debt in August 1998 triggered a substantial decline in the value of the Rouble and the bankruptcy of a number of prominent Russian banks and businesses. Since then the banking system has become operational but is still in need of structural reform such that the possibility of a banking crisis in the future is a distinct risk. As a result of the current status of the banking sector, considerable delays may occur in the transfer of funds within, and the remittance of funds out of, Russia. Additionally, delays may occur in converting Roubles into and out of foreign currency in order to meet certain payments.

Regulations

Russia has made it clear that it has the objective of joining the World Trade Organisation (WTO). Such an admission of Russia requires, among other things, further revisions of the Russian legal system to make it more in line with WTO requirements. The liberalisation of trade and other business activities witnessed in recent years is likely to continue in the opinion of the Manager, but a reversal of this process cannot be ruled out. Under both scenarios, companies involved in import and export activities could see drastic changes in their competitiveness and profit margins and companies selling to the domestic market could also be affected.

Low Levels of Competition

The Russian economy is still characterised by the industry structure of the former Soviet Union. There are, sometimes, only one or a handful of producers in the country of a given product and this leads to a certain vulnerability of companies who rely on parts produced by such a monopoly. There are primarily two risks inherent in such reliance: one is that an important part of the product ceases to be produced, which could seriously affect production in other unrelated companies, and the other is that a company may be exposed to monopolist pricing, thus depriving it of its profit margins. Both of these risks could affect the value of an investment.

Tax Risks

The Russian Tax System

The Russian government has initiated reforms of the tax system that have resulted in some improvement in the tax climate. The cornerstone of such reforms was a complete redrafting of the tax law into a new Russian Tax Code. As well as providing greater clarity, this has included the reduction of the corporate profits tax rate from 35% for most companies (43% for financial institutions, insurance and intermediary companies) to 24% for all companies from 1 January 2002 and also allowed for a broader range of expenses which are deductible from the tax base. Payroll-related taxes have been reduced substantially for individuals who are tax resident in Russia; the current tax rate for such individuals is generally 13%. The standard rate of VAT has been reduced to 18%, and certain minor taxes have been abolished — such as the road users' tax (abolished from 1 January 2003) and sales tax (abolished from 1 January 2004).

Russian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement. For example, under certain circumstances, the three-year statute of limitations for the assessment of taxes pursuant to a tax audit can be significantly extended. According to the Constitution of the Russian Federation, the laws which introduce new taxes or worsen a taxpayer's position

cannot be applied retroactively. However, there were several instances when such laws were introduced and applied retroactively.

Despite the Russian government taking steps to reduce the overall tax burden on taxpayers in recent years in line with its objectives, Russia's largely ineffective tax collection system and continuing budgetary funding requirements increase the likelihood that the Russian Federation will impose arbitrary or onerous taxes and penalties in the future, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects. Additionally, tax has been utilised as a tool for significant state intervention in certain key industries.

In addition to the usual tax burden imposed on Russian taxpayers, the conditions referred to above complicate tax planning and related business decisions. The uncertainties caused by such conditions could possibly expose the Company to significant fines and penalties and to potentially severe enforcement measures despite its best efforts at compliance, could result in a greater than expected tax burden and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Transfer pricing legislation became effective in the Russian Federation on 1 January 1999. Such legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all "controlled" transactions, provided that the transaction price differs from the market price by more than 20%. "Controlled" transactions include transactions with related parties, barter transactions, foreign trade transactions and transactions with unrelated parties with significant price fluctuations (i.e., if the price of such transactions differs from the prices on similar transactions by more than 20% within a short period of time). Transfer pricing adjustments are also applicable to the trading of securities and derivatives. There has been no formal guidance (although some court practice is available) as to how these rules will be applied. Moreover, the Ministry of Finance of the Russian Federation is in the process of drafting proposed amendments to the transfer pricing legislation, which may come into force in 2007. Such amendments, if adopted, are expected to result in stricter transfer pricing rules. If the tax authorities were to impose significant additional tax liabilities as a result of transfer pricing adjustments, this could have a material adverse impact on the Company's business, financial condition, results of operations and prospects.

It is expected that Russian tax legislation will become more sophisticated, which may result in the introduction of additional revenue raising measures. Although it is unclear how these measures would operate, the introduction of such measures may affect the Company's overall tax efficiency and may result in significant additional taxes becoming payable. Although the Manager will continue to seek to mitigate such exposures with effective tax planning, the Company cannot offer any assurances that the tax burden will not increase during the life of the Company. Such additional tax burden could cause the Company's financial results to suffer.

UK Taxation

The Directors intend that the Company and the Cyprus Subsidiary will each be managed and controlled in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. The Directors and the Manager each intend that, so far as this is within their control, the affairs of the Company and the Manager, respectively, will be conducted so that the requirements as set out in Schedule 26 to the Finance Act 2003 are met. However, there can be no guarantee that each of the Company and the Cyprus Subsidiary will not be deemed to be resident in the United Kingdom for United Kingdom tax purposes, or that the requirements set out in Schedule 26 of the Finance Act 2003 will be deemed to have been met. This would result in adverse tax consequences to the Company.

US Taxation

Based on its projected income, assets and activities, the Company expects that it will be classified as a "passive foreign investment company", or PFIC, for US federal income tax purposes. The US federal income tax rules applicable to investments in PFICs are very complex and a US Investor may suffer adverse US federal income tax consequences as a result of these rules. For more information see "Taxation — United States". Each prospective US Investor should consult its own tax advisers regarding the tax considerations relating to an investment in a PFIC.

Since it is anticipated that income and capital gains derived from the Company's investment programme will be reinvested, there can be no assurance that the Company will make annual distributions in the amount necessary to pay tax liabilities resulting from US Investors' ownership of Ordinary Shares. For more information see "Taxation — United States — Taxation of US Investors".

General Taxation Risks

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

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

Other Risks

Crime, the Mafia

In the tumultuous situation which existed primarily in 1991-1993, when state assets were being turned over to new owners, elements of the Russian mafia saw the opportunity to grab large shares of the nation's wealth, be it equity or stockpiles of valuable raw materials. The means for acquiring such assets could be fair or foul as the particular situation required. However, this asset play appears to have decreased, partly due to the fact that many of the ''robber barons'' now strive for social recognition and a higher degree of personal safety, something which makes resorting to violence less appealing.

Corruption

The value of a company may be adversely affected by corrupt management, who may sell products below market prices and receive personal compensation. This problem may to some extent be alleviated by the influence of large shareholders and the fact that management often hold stakes in their companies and therefore should have less incentive to steal.

The list of risk factors above does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Company. Prospective investors should read this entire document and consult with their own legal, tax and financial advisers before deciding to invest in the Company.

PART 3

FINANCIAL INFORMATION ON THE COMPANY

The Directors
Prosperity Voskhod Fund Limited
PO Box 44
Dorey Court
Admiral Park, St Peter Port
Guernsey GY13BG

Dear Sirs 28 September 2006

Prosperity Voskhod Fund Limited (the 'Company') — Accountant's Report on Historical Financial Information

We report on the financial information set out on page 49. This financial information has been prepared for inclusion in the AIM Admission Document dated 4 October 2006 of the Company on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

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

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

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the AIM Admission Document.

Basis of opinion

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

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 4 October 2006, a true and fair view of the state of affairs of the Company as at the dates stated in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as described in note 2.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG Audit Plc

Income statement from incorporation to 31 August 2006

During the period from incorporation to 31 August 2006, the Company has not traded and has received no income and incurred no expenditure. Consequently, during the current period, the Company has made neither a profit nor a loss and hence no income statement has been prepared.

Balance sheet as at 31 August 2006

	US$
Assets	
Cash and cash equivalents	2
Equity and liabilities	
Capital	
Issued capital, 2 shares of US$ 0.01 each at a premium of US$0.99 (Note 2)	2
Total equity	2

Cash flow statement

For the period from incorporation to 31 August 2006, other than in respect of the issue of ordinary share capital, the Company did not receive or expend any cash and hence no cash flow statement has been prepared.

Notes to the financial information

1. Accounting Convention

The non-statutory financial information has been prepared under the historical cost convention in accordance with IFRS.

2. History

The Company was incorporated on 31 August, 2006 as Prosperity Voskhod Fund Limited. The Company has not yet completed its first accounting period. No statutory financial statements have been prepared or audited since incorporation.

As at 31 August 2006, 2 ordinary shares were issued, fully paid to the subscribers with a premium of 99 cents to nominal value. The authorised share capital of the Company comprised 2,500,000 shares of US$0.01 each.

3. Post-Balance Sheet Events

On 25 September 2006, the authorised share capital of the Company was increased to US$3,000,000 comprising 300,000,000 Ordinary Shares of US$0.01 each.

On 18 September 2006, the Company acquired all of the share capital of an entity incorporated in Cyprus for CY£1,000 (US$2,205).

PART 4

TAXATION

The following summary is based on advice received from the Company's tax advisers as to the current law and practice which applies to the taxation of the Company and, in certain cases, investors in the Company, in the jurisdictions mentioned herein. However, there can be no assurance that the tax authorities of such jurisdictions will not take a contrary view from the views expressed herein and no ruling from any such tax authorities has been or will be sought. The summary does not purport to contain a comprehensive description of the tax consequences of investing in the Company and does not purport to address all of the tax consequences that may be applicable to any particular investor. Investors are also reminded that the summary is based on laws, regulations and other authorities in effect as at the date of this document, all of which are subject to change, possibly with retroactive effect.

Investors are therefore strongly advised to consult their tax advisers as to the tax consequences of their subscribing for or transferring Ordinary Shares, or having such Ordinary Shares repurchased by the Company, including, in the case of prospective investors subject to special rules under applicable tax laws (such as banks, dealers in securities, life insurance companies, and tax-exempt investors and US Investors that may own directly, or by attribution, 10% or more of the Ordinary Shares), with reference to any special issues that investment in the Company may raise for such persons.

Guernsey

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

The Company will apply for and expects to be granted exempt status for Guernsey tax purposes.

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

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

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

These proposals have yet to be enacted.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in 2011/2012, including possibly the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time.

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

The Shareholders

Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will suffer no deduction of tax by the Company from any dividends payable by the Company but the Administrator will provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey. Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of any Shares owned by them.

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

Cyprus

Taxation of the Company

The Company expects to make the majority of its investments through one or more entities comprised in the Cyprus Subsidiary. The Company expects that such entities will be treated as residents of Cyprus and therefore will benefit from the Russia/Cyprus double taxation treaty effective from 1 January 2000 (the "Russia/Cyprus Treaty"). As a result, investments in securities will be subject to reduced withholding taxes in Russia on dividend income received in Cyprus. Under the Russia/Cyprus Treaty, the rate of Russian withholding tax on dividends would be reduced to 5% (10% if the amount of investment in the Russian company is less than US$100,000). Additionally, the Company expects such entities to benefit from the rate of tax applicable in Cyprus, which is the lowest in the European Union at 10%, Cyprus's extensive double tax treaty network, exemption from tax in most cases on the dividend income received, exemption from profit from transactions involving buying and selling securities, exemption from withholding tax on dividend, interest and royalty income and access to all EU directives.

Corporate Tax: (Rate 10%)

As from 1 January 2003, the special tax regime for international business companies has been abolished and all Cyprus resident companies are subject to the unified corporate tax at the rate of 10% on their taxable income.

Taxable income does not include any profits from the disposal of securities, dividend income and half (50%) of passive interest income. Securities for these purposes means shares, bonds, debentures, founders' shares and other securities of companies or other legal persons, and options thereon.

Interest income

Any interest received and which is deemed to arise from the ordinary activities of the Cyprus Subsidiary will be subject to income tax in Cyprus at the rate of 10% (after deduction of business expenses) and will be exempt from any other tax (in the form of defence contribution tax). Any interest received which is deemed to be "passive income" (i.e., arising from non-ordinary activities), will be subject to an effective tax of 15% (50% of interest income is exempt from corporate tax and the rest is taxed 10%, thus effectively reducing the income tax to 5%; however, the whole of gross interest income is subject to defence contribution tax, at the rate of 10%, thus leading to an overall effective rate of 15%).

Interest payments from a Russian company to the Cyprus Subsidiary would be completely exempt from Russian withholding tax under the provisions of the Russia/Cyprus Treaty. It is expected that any interest received by the Cyprus Subsidiary will be deemed by the Cyprus Commissioner of Income Tax as active and be taxed only at the rate of 10%, after the deduction of business expenses.

Dividend Income

Dividend income will be exempt from defence contribution tax, provided the Cyprus Subsidiary owns at least 1% of the share capital of the overseas company paying the dividend. However, this exemption does not apply if (i) the company paying the dividend engages, in respect of more than 50% of its activities, in activities which lead to investment income and (ii) the foreign tax burden on the income of the subsidiary is substantially lower than the Cypriot tax burden.

However based on the double tax treaty between Cyprus and Russia, the tax credit against the Cypriot tax will include apart from the withholding tax on dividends, the underlying tax paid by the Russian Company at the corporate level, thus reducing the Special defence tax, where applicable, to nil (0%).

Capital Gains Tax

No capital gains tax will arise from the sale of securities listed on any recognised stock exchange.

Withholding Tax

No Cypriot withholding taxes will apply in respect to any distribution of profit by the Cyprus Subsidiary to the Company, which is a non-resident of Cyprus.

It should be noted that Russia has introduced a ''beneficial owner'' test for foreign companies seeking treaty benefits. The beneficial ownership test is used in the Russia/Cyprus Treaty. It is not clear how this test may affect the Cyprus Subsidiary, and there can be no assurance that the Russia/Cyprus Treaty benefits will continue to be available to the Company during its life.

Russia

Taxation of the Company

The following is a summary of certain Russian tax considerations relevant to the purchase, ownership and disposal of shares by the Company as a non-resident investor. The summary does not seek to address the applicability of, and procedures in relation to, taxes levied by the regions, municipalities or other non-federal level authorities of the Russian Federation. No representations with respect to Russian tax consequences are made to any particular investor.

The Russian tax rules applicable to shares are characterised by uncertainties and by a lack of interpretative guidance. Both the substantive provisions of Russian tax law and the interpretation and application of such provisions by the Russian tax authorities may be subject to more rapid and unpredictable change than in a jurisdiction with more developed capital markets. In particular, the interpretation and application of such provisions will in practice rest substantially with the local tax inspectors.

The Company and the Manager intend to conduct their affairs so that neither the Company nor the Cyprus Subsidiary is deemed to have a permanent establishment in Russia and thus should not be liable to Russian tax on their respective income and capital gains. The Company intends that the Company and the Cyprus Subsidiary will be classified as ''non-residents'' for Russian tax purposes. For the purposes of this summary, a ''non-resident'' means a legal person not organised under Russian law that acquires, holds and disposes of shares otherwise than through a permanent establishment in Russia.

Dividends Paid by Portfolio Companies

Pursuant to the Russian profits tax law, Russian source dividends paid to a foreign investor that is a legal entity are generally subject to withholding tax at a rate of 15%, although the rate of withholding may be reduced under an applicable double tax treaty. The procedure by which a reduced withholding rate may be obtained in Russia pursuant to a double taxation treaty is currently not straightforward and double taxation treaty relief is uncertain.

The Russia/Cyprus Treaty reduces to 10% the withholding tax on dividends paid by a Russian company to a Cypriot company which has the actual right to such dividends. This rate is further reduced to 5% if the direct investments of the Cypriot company in the Russian company paying the dividends is at least US$100,000. Russian profits withholding tax can be reduced under the Russia/Cyprus Treaty if the Cypriot company is a tax resident of Cyprus within the meaning of the Russia/Cyprus Treaty and if the Cypriot company presents to the Russian company — the payer of dividends — confirmation of its tax residence in Cyprus. Such confirmation should be presented before the payment date and certified by the Ministry of Finance of Cyprus (or its appointed delegate). Such confirmation is valid for the calendar year in which it is issued. In the absence of tax residence confirmation, Russian companies are required to withhold Russian profits tax on dividends at 15% and remit the withheld profits tax to the Russian budget. If a Cypriot company fails to present the confirmation of its tax residence to the Russian payer of dividends in advance and the Russian payer withholds and pays Russian profits tax on the dividend income to the Russian budget, the Cypriot company may apply for a refund of the profits tax withheld equal to the difference between the 15% profits tax withheld and the reduced rate of 10% or 5% applicable under the Russia/Cyprus Treaty. Such an application must be filed within three calendar years following the year in which the tax was withheld. The Russian tax authorities are required by the Russian Tax Code to refund the tax within one month from the submission of the application and related documents specified in the Russian Tax Code. Obtaining a refund of Russian tax withheld may be a time consuming process and may involve considerable practical difficulties. The Russian tax authorities may, in practice, require a wide variety of documentation to confirm the right to benefits under a double tax treaty. Such documentation, in practice, may not be explicitly required by the Russian Tax Code. There can be no assurance that such taxes would be refunded.

The Manager believes that, although the Company will seek to claim treaty protection, as a practical matter, the Cyprus Subsidiary may incur a 15% withholding tax in Russia on any dividend payments to which it is entitled. If taxes are withheld in respect of dividends, the Cyprus Subsidiary may seek to claim as a refund the difference between the 15% tax withheld and the reduced rate of 10% (or 5%) as outlined above; however, there can be no assurance that such taxes would be refunded.

If the Russian tax authorities determine that the Company or the Cyprus Subsidiary has a permanent establishment in Russia, and that dividends are attributable to such permanent establishment, the benefits of the Russia/Cyprus Treaty would not apply and dividends paid by Russian companies would be taxed at least a 15% Russian profits withholding tax rate.

Capital Gains

There is no separate capital gains tax in Russia. Capital gains realised by Russian resident corporate taxpayers and foreign companies with a permanent establishment in Russia are taxed as part of normal business profits at the rate of 24%. Specifically, the tax base is determined as the disposal price less the documented acquisition price and related expenses plus expenses incurred on the disposal.

Generally, for quoted shares, their disposal price for Russian profits tax purposes should be within the minimum and maximum prices of transactions quoted for them on a stock exchange on the date of disposal. For non-quoted shares, the price for tax purposes should be within the minimum and maximum prices of transactions with similar quoted shares, or should not deviate by more than 20% from the price of similar quoted shares, or, in the absence of similar quoted shares, it is determined using a ''reference price'' tool.

If a foreign company without a permanent establishment in Russia recognises capital gains from a disposal of shares, the gains will be subject to 24% Russian profits withholding tax only if the shares are issued by a Russian company more than 50% of whose assets consist of immovable property located in Russia. This is also applicable to a foreign company with a permanent establishment in Russia, if the acquisition, holding and disposal of the aforementioned shares are not carried out through such foreign company's permanent establishment.

The disposal of other shares by a foreign company not through a Russian permanent establishment is not subject to taxation in Russia.

Where a foreign company disposes (not through a Russian permanent establishment) of shares of Russian companies more than 50% of whose assets consist of immovable property located in Russia, the tax is withheld and paid to the Russian budget by the purchasing Russian company or permanent establishment of a foreign company in Russia. To apply the 24% rate of withholding profits tax, the foreign company, the seller of shares in question, should present to the purchaser documents supporting the expenses incurred to acquire the shares, otherwise 20% Russian profits withholding tax will be applied to the proceeds of the sale of the shares. If the Cyprus Subsidiary cannot confirm the deductible expenses relating to the shares sold, the Russian purchaser may withhold 20% from the sales proceeds.

The Russia/Cyprus Treaty provides that gains from the sale of movable property are not taxed in Russia unless the movable property constitutes an asset belonging to the seller's permanent establishment. For the purposes of the application of this rule, shares are referred to as movable property. Relief from Russian profits withholding tax is available if the Cyprus Subsidiary is tax resident in Cyprus within the meaning of the Russia/Cyprus Treaty and if the Cyprus Subsidiary presents confirmation of its tax residence in Cyprus to the payer of the income (the Russian company or a foreign company with a permanent establishment in Russia). The confirmation of residence should be presented before the payment date in the form and manner described above in the section headed ''Dividends Paid by Portfolio Companies''. If the Cyprus Subsidiary has a permanent establishment in Russia and the shares constitute a part of the permanent establishment's assets, the Russia/Cyprus Treaty benefits would not apply and capital gains (or gross income from the sale of shares) would be taxed at the 24% rate.

It is the intention of the Manager that the Company and the Cyprus Subsidiary will be structured and managed in such a way that they do not have a permanent establishment in Russia.

Interest Income Paid By a Russian Company

Interest paid by a Russian company to a Cyprus Subsidiary is prima facie subject to 20% profits withholding tax in Russia. However, the tax rate could be reduced to zero under the Russia/Cyprus Treaty, if: (i) the Cyprus Subsidiary is tax resident in Cyprus within the meaning of the Russia/Cyprus Treaty; (ii) the Cyprus Subsidiary does not have a permanent establishment in Russia to which the interest is attributable; and (iii) the Cyprus Subsidiary presents to the Russian companies — the payers of interest — confirmation of the Cyprus Subsidiary's tax residence in Cyprus. The procedure for obtaining the tax relief is the same as that described above in relation to dividends and capital gains. If the Cyprus Subsidiary is eligible for tax relief under the Russia/Cyprus Treaty but fails to present the tax residence confirmation to the Russian payer of interest, an application for a refund of the tax can be made according to the procedure described above with respect to dividends.

The Taxation of Investors in the Company Who Are Russian Tax Residents

A Shareholder who is an individual (an individual is considered tax resident in Russia if he or she is physically present in Russia for 183 days or more in the calendar year or, after 1 January 2007, during 12 consecutive months; tax resident individuals are subject to tax on their world-wide income) or a legal entity resident in Russia for tax purposes is subject to all applicable Russian taxes including any documentation requirements that may be required by law or practice. Resident investors should consult their own tax advisers with respect to their tax position regarding their ownership and disposal of Ordinary Shares.

The Taxation of Investors in the Company Who Are Not Russian Tax Residents

A Shareholder who is a non-resident individual may be subject to Russian personal income tax if selling Ordinary Shares in Russia. Non-resident individual Shareholders should consult their own tax advisers with respect to their tax position regarding a potential disposal of Ordinary Shares.

United States

This document is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Code. This document was written to support the promotion or marketing of the Ordinary Shares. Each prospective Shareholder should consult an independent tax adviser as to the US federal, state, and local income and other tax consequences relating to an investment in the Company, based on such prospective Shareholder's particular circumstances.

The following is a general summary of certain US federal income tax considerations relating to the purchase, ownership and disposition of Ordinary Shares by US Investors that purchase Ordinary Shares pursuant to the Placing and hold such Ordinary Shares as capital assets. This summary is based on the Code, the Treasury Regulations and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This summary is for general information only and does not address all of the tax considerations that may be relevant to specific US Investors in light of their particular circumstances or to US Investors subject to special treatment under US federal income tax law (such as banks, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, dealers in securities, brokers, real estate investment trusts, certain former citizens or residents of the United States, persons who acquire Ordinary Shares as part of a straddle, hedge, conversion transaction or other integrated investment, persons that have a "functional currency" other than the US dollar, persons that own (or are deemed to own) 10% or more of the Company's shares or persons that generally mark their securities to market for US federal income tax purposes). This summary does not address any US state or local or non-US tax considerations or any US federal estate, gift or alternative minimum tax considerations.

As used in this summary, the term "US Investor" means a beneficial owner of Shares that is, for US federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for US federal income tax purposes, created or organised in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax regardless of its source or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions, or an electing trust that was in existence on 19 August 1996 and was treated as a domestic trust on that date.

If an entity treated as a partnership for US federal income tax purposes holds Ordinary Shares, the tax treatment of such partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. A holder that is treated as a partnership for US federal income tax purposes should consult its own tax adviser regarding the US federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of Ordinary Shares.

Prospective investors should consult their own tax advisers as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of Ordinary Shares, including the applicability of US federal, state and local tax laws and non-US tax laws.

Taxation of the Company

The Company will be treated as a corporation for US federal income tax purposes. Although no assurance can be given, the Company expects to take the position that it will not be engaged in a US trade or business. If the Company is considered to be engaged in a US trade or business, the income of the Company that is

treated as effectively connected with the US trade or business will be subject to regular US federal income taxation and a 30% "branch profits" tax.

The Company will be subject to US federal withholding tax at a rate of 30% on any US source dividends and interest, subject to certain exemptions, but not on dividends or interest from sources outside the US.

Taxation of US Investors

Taxation of Dividends

Subject to the discussion below, under "Passive Foreign Investment Company", a US Investor will be required to include in gross income the gross amount of any distribution paid on the Ordinary Shares out of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes). Distributions in excess of the Company's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Investor's adjusted tax basis in the Ordinary Shares and thereafter will be treated as a gain from the sale of the Ordinary Shares.

The US Dollar value of any non-US currency distribution will be the US Dollar value of the payment calculated by reference to the exchange rate in effect on the day the payment is received, or treated as received, by the US Investor, regardless of whether the non-US currency distribution is in fact converted into US Dollars. If the non-US currency so received is converted into US Dollars on the day it is received, or treated as received, the US Investor generally will not be required to recognise foreign currency gain or loss upon such conversion. If the non-US currency so received is not converted into US Dollars on the date of receipt, such US Investor will have a basis in the non-US currency equal to the US Dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the non-US currency generally will be treated as ordinary income or loss to such US Investor and generally will be income or loss from sources within the United States for US foreign tax credit purposes.

Dividends paid on the Ordinary Shares generally will constitute income from sources outside the United States and be categorised as "passive income" or, in the case of some US Investors, as "financial services income" for US foreign tax credit purposes (or, for tax years beginning after December 31 2006, as "passive category income" or, in the case of some US Investors, as "general category income" for US foreign tax credit purposes). Dividends paid on the Ordinary Shares will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from US corporations.

Distributions treated as dividends that are received by a non-corporate US Investor (including an individual) through taxable years beginning on or before December 31, 2010 from "qualified foreign corporations" generally qualify for a 15% reduced maximum tax rate so long as certain holding period requirements are met. Dividends from the Company will not be eligible for the 15% reduced maximum tax rate.

Taxation of Sale, Exchange or other Disposition of Ordinary Shares

Subject to the discussion below, under "Passive Foreign Investment Company", a US Investor generally will recognise capital gain or loss upon the sale, exchange or other disposition of Ordinary Shares in an amount equal to the difference, if any, between the amount realised on the sale, exchange or other disposition and the US Investor's adjusted tax basis in such Ordinary Shares. This capital gain or loss will be long-term capital gain or loss if the US Investor's holding period in the Ordinary Shares exceeds one year. For tax years beginning on or before December 31, 2010, long-term capital gains of non-corporate US Investors are taxable at a maximum rate of 15%. The deductibility of capital losses is subject to limitations. The gain or loss will generally be income or loss from sources within the United States for US foreign tax credit purposes. Generally, a redemption of Ordinary Shares held by a US Investor will be treated as a sale, exchange or other disposition for US federal income tax purposes only if the redemption is not "essentially equivalent to a dividend" or is "substantially disproportionate" with respect to the US Investor or results in a complete termination of the US Investor's interest in the Company, in each case after taking into account applicable attribution rules. If a redemption of Ordinary Shares is not treated as a sale, exchange or other disposition, it will be treated as a distribution from the Company for US federal income tax purposes (see the sub-section headed "Taxation of Dividends" above).

Passive Foreign Investment Company

In general, a corporation organised outside the United States will be treated as a "passive foreign investment company" ("PFIC") for US federal income tax purposes in any taxable year in which either (i) at least 75% of its gross income is "passive income" or (ii) on average at least 50% of the value of its assets is attributable

to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether a non-US corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Based on its projected income, assets and activities, the Company expects that it will be treated as a PFIC for US federal income tax purposes. If the Company is treated as a PFIC, a US Investor generally would be subject to a tax at ordinary income rates on certain ''excess distributions'' made by the Company and on gains from the sale, redemption or other disposition of Ordinary Shares and, if one or more entities in which the Company or the Cyprus Subsidiary invests is treated as a PFIC, on such US Investor's proportionate share of ''excess distributions'' made by such entities and gains from the sale, redemption or other disposition of shares in such entities. In each case, the amount of income tax will be increased by an interest charge to compensate for tax deferral, calculated as if the excess distributions or gains were earned rateably over the period the US Investor held such Ordinary Shares or is deemed to have held the shares of such entities. To the extent a US Investor is taxed on ''excess distributions'' or gain from its indirect ownership of shares in any entity in which the Company invests, the US Investor should not be taxed again when the corresponding amounts are distributed by the Company to the US Investor or realised by the US Investor upon a disposition of the Ordinary Shares.

To avoid the disadvantageous tax treatment described above, a US Investor may want to make a ''qualified electing fund'' (''QEF'') election with respect to each of the Company, and any entity in which the Company or the Cyprus Subsidiary invests that is treated as a PFIC. Generally, to be timely a QEF election must be made on or before the due date for filing the US Investor's US federal income tax return for the first taxable year for which it holds its Ordinary Shares. If the US Investor makes a timely QEF election in respect of the Company and such entities, the US Investor generally will be required to include in gross income its rateable share of the ordinary income of the Company and such entities and to include as long-term capital gain its rateable share of the net capital gain of the Company and such entities, whether or not distributed. The US Investor's US tax basis in the Ordinary Shares will be increased to reflect undistributed amounts included in gross income by the US Investor. Distributions of previously included income generally will result in a corresponding reduction in US tax basis and generally will not be taxed again as a distribution to the US Investor. Even if a US Investor makes a QEF election with respect to the Company and such entities, the US Investor will not be able to take advantage of its rateable share of any net losses of the Company and such entities.

Under proposed Treasury Regulations, the holder of an option to acquire shares in a PFIC is treated for purposes of the PFIC rules as holding the shares into which the option is exercisable. However, final Treasury Regulations provide that the holder may not make a QEF election in respect of the option or in respect of the shares into which the option is exercisable until such time as the holder exercises the option. As a result, the holder may not be able to make a timely QEF election in respect of the shares in the PFIC that the holder is treated as owning under the PFIC option attribution rules. Investors that purchase Placing Shares will be unconditionally obligated to subscribe for the second tranche of such Placing Shares, and will not purchase in the Placing an instrument that is denominated as an option. However, the PFIC option attribution rules are in proposed form and do not define ''option''. Therefore, there can be no assurance that the Internal Revenue Service will not successfully assert that a US Investor's obligation to purchase the second tranche of Placing Shares is treated as an option for purposes of the PFIC rules and that the US Investor is not permitted to file a timely QEF election in respect of such Placing Shares. US investors should consult their tax advisers as to the possible application of the PFIC option attribution rules and the advisability of making a ''deemed sale'' election in respect of the second tranche of Placing Shares in order to mitigate the disadvantageous tax consequences of failing to file a timely QEF election.

Upon request, the Company will use commercially reasonable efforts to provide, within 90 days after the end of the fiscal year, all information that a US Investor reasonably requires to make a QEF election in respect of the Company, including a ''PFIC Annual Information Statement'' (as described in the Treasury Regulations). However, there can be no assurance that a QEF election will be available with respect to any entity in which the Company or the Cyprus Subsidiary invests that is treated as PFIC. As a result, even if a timely QEF election is made for the Company, the disadvantageous consequences of PFIC classification summarised above may therefore apply to an investment in an entity that itself is treated as a PFIC and for which no QEF election is made.

The disadvantageous tax treatment described above may also be avoided with respect to the Company if a "mark-to-market" election is available and a US Investor validly makes such an election as of the beginning of such US Investor's holding period. If such election is made, such US Investor generally will be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, the Ordinary Shares at the end of each taxable year as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis of such Ordinary Shares. In addition, any gain from a sale, exchange or other disposition of the Ordinary Shares will be treated as ordinary income, and any loss will be treated as ordinary loss (to the extent of any net mark-to-market gains previously included in income). A mark-to-market election is available to a US Investor only if the Ordinary Shares are considered "marketable stock". Generally, shares will be considered marketable stock if the shares are "regularly traded" on a "qualified exchange" within the meaning of applicable Treasury Regulations. A class of shares is regularly traded during any calendar year during which such class of shares is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. A non-US securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in Treasury Regulations. **US Investors should consult their own tax advisers regarding the US federal income tax consequences of investing in a PFIC.**

Certain Reporting Requirements

Certain US Investors are required to file Form 926, Return by US Transferor of Property to a Foreign Corporation, and certain US Investors may be required to file Form 5471, Information Return of US Persons With Respect to Certain Foreign Corporations, reporting transfers of cash or other property to the Company and information relating to the US Investor and the Company. Substantial penalties may be imposed upon a US Investor that fails to comply. Each US Investor should consult its own tax adviser regarding these requirements.

Taxation of Tax-Exempt US Investors

Organisations exempt from US federal income tax under section 501(a) of the Code, including ERISA plans, are subject to the tax on unrelated business taxable income ("UBTI") imposed by section 511 of the Code. UBTI arises primarily as income from an unrelated trade or business regularly carried on, income from property as to which there is acquisition indebtedness or certain insurance income received from or attributable to controlled foreign corporations. Since the Company does not expect to invest in insurance companies, assuming that a tax-exempt US Investor has not incurred any acquisition indebtedness with respect to its Ordinary Shares, tax-exempt US Investors that invest in the Company should not be treated as incurring any UBTI with respect to any distributions or gains in respect of their Ordinary Shares.

Reportable Transactions

A US Investor that participates in any "reportable transaction" (as defined in Treasury Regulations) must attach to its US federal income tax return a disclosure statement on Form 8886. US Investors should consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the sale, exchange or other disposition of any non-US currency received as a dividend on, or as proceeds from the sale of, the Ordinary Shares.

Backup Withholding Tax and Information Reporting Requirements

Under certain circumstances, US backup withholding tax and/or information reporting may apply to US Investors with respect to payments made on or proceeds from the sale, exchange or other disposition of the Ordinary Shares, unless an applicable exemption is satisfied. US Investors that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the backup withholding tax rules will be allowed as a credit against a US Investor's US federal income tax liability, if any, or will be refunded, if such US Holder furnishes required information to the Internal Revenue Service.

ERISA

ERISA and the rules and regulations of the US Department of Labor ("DOL") under ERISA contain provisions that govern investment of the assets of employee benefit plans.

The following discussion was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under federal tax law.

Plan Assets

DOL regulations on the subject of whether investment by a plan in the Company will result in the assets of the Company being deemed plan assets contain a general rule that, when an employee benefit plan acquires an equity interest in an entity, the plan's assets include both the interest and an undivided interest in each of the underlying assets of the entity, unless the equity participation in the entity by Benefit Plan Investors is not ''significant'' (as more fully described below).

Under the DOL Regulations, as modified by the United States Pension Protection Act of 2006, equity participation in an entity by Benefit Plan Investors is ''significant'' on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interest in the entity is held by Benefit Plan Investors subject to ERISA or Section 4975 of the Code. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of such a person) is disregarded.

This test is difficult to monitor when the shares are publicly traded. The Company will prohibit the acquisition of Ordinary Shares by Benefit Plan Investors subject to ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement. However, there can be no assurance that, despite the restrictions relating to purchases or transfers and the procedures to be employed by the Directors, Ordinary Shares will not be acquired by Benefit Plan Investors subject to ERISA, Section 4975 of the Code or by a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement, thereby causing the Company to be subject to the constraints of ERISA, Section 4975 of the Code or any Similar Laws.

United Kingdom

Taxation of the Company

The Directors intend that the affairs of the Company and the Cyprus Subsidiary should each be managed and conducted so that it does not become resident in the United Kingdom for United Kingdom taxation purposes. Accordingly, and provided (as intended) that the Company does not carry on a trade in the United Kingdom through a permanent establishment the Company will not be subject to United Kingdom income tax or corporation tax on its profits other than on any United Kingdom source income.

Certain interest and other income received by the Company which has a United Kingdom source may be subject to withholding taxes in the United Kingdom.

Taxation of Shareholders

Income

UK resident individual Shareholders will be liable to income tax on the amount of any dividends received. Higher rate taxpayers will be liable to income tax at 32.5%, and other individual taxpayers at 10%. If, as intended, the Company is not UK resident, there will be no tax credit in respect of the dividends. UK resident corporate Shareholders will be liable to corporation tax in respect of any dividends received from the Company.

Capital Gains

The Directors intend that the Ordinary Shares will not be a material interest in an offshore fund for the purposes of United Kingdom taxation and the provisions of Chapter V of Part XVII of the Taxes Act will not apply. On that basis, gains realised on the disposal of Ordinary Shares by Shareholders (other than those holding Ordinary Shares as dealing stock, who are subject to separate rules) who are resident or ordinarily resident in the United Kingdom, or who carry on business in the United Kingdom through a permanent establishment with which their investment in the Company is connected should be subject to United Kingdom tax as capital gains, rather than as income.

On a subsequent disposal (which includes a repurchase) by an individual Shareholder who is resident or ordinarily resident in the United Kingdom for taxation purposes, the Ordinary Shares may attract taper relief which reduces the amount of chargeable gain according to how long, measured in years, the Ordinary Shares have been held. Holders of Ordinary Shares who are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the retail prices index.

Stamp Duty and Stamp Duty Reserve Tax

Generally, no United Kingdom stamp duty or stamp duty reserve tax is payable on a transfer of or agreement to transfer shares of non-UK incorporated companies, where the register is not kept, and instruments of transfer are not executed, in the UK.

Other United Kingdom Tax Considerations

United Kingdom resident companies having an interest in the Company, such that 25% or more of the Company's profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company's undistributed profits, if any, in accordance with the provision of Chapter IV of Part XVII of the Taxes Act relating to controlled foreign companies. These provisions only apply if the Company is controlled by United Kingdom residents.

Individuals ordinarily resident in the United Kingdom should note that Chapter III of Part XVII of the Taxes Act, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company.

The attention of United Kingdom Shareholders resident or ordinarily resident and, if an individual, domiciled in the United Kingdom, is drawn to the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 10% of the Ordinary Shares. This applies if the Company is a close company for the purposes of United Kingdom taxation.

PART 5

ADDITIONAL INFORMATION

The information in this section includes a summary of some of the provisions of the Memorandum and Articles of Association of the Company and is provided subject to the general provisions of each of those documents.

The Ordinary Shares are only suitable for investors who understand, or who have been advised of, the potential risk of capital loss from an investment in the Ordinary Shares and the fact that there may be limited liquidity in the Ordinary Shares and the underlying investments of the Company, for whom an investment in the Ordinary Shares is part of a diversified portfolio and who fully understand and are willing to assume the risks involved with an investment in the Ordinary Shares.

1. Incorporation and Administration

The Company was incorporated with limited liability in Guernsey under the Companies Laws on 31 August 2006 with the name Prosperity Voskhod Fund Limited and registered number 45426 as a company limited by shares under the Companies Laws. The registered office and principal place of business of the Company is Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 3BG. The Company operates under the Companies Laws and ordinances and regulations made thereunder.

The Company has received regulatory consent (the ''Consent'') from the GFSC under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989 to act as a closed-ended fund and for the raising of monies by the issue of Ordinary Shares. Under the terms of the Consent, the Administrator must give written notice forthwith to GFSC of, *inter alia*, any proposed material change to this document or the Articles, any proposed change to the parties to the material contracts which are summarised in Section 9 of this Part 5, headed ''Material Contracts'', or any proposed material alteration to the Company, including its name, its investment and its borrowing powers.

The Company has not traded and no accounts of the Company have been made up since its incorporation. The Company's accounting period will terminate on 31 December of each year, with the first period ending on 31 December 2006.

Save for its entry into the material contracts listed in Section 9 of this Part 5, headed ''Material Contracts'', and certain non-material contracts, the Company has neither carried on business nor incurred borrowings since its incorporation.

Changes in the authorised and issued share capital of the Company since incorporation appear in Section 2 of this Part 5, headed ''Share Capital''.

KPMG Channel Islands Limited has been the only auditor of the Company since its incorporation. The annual report and accounts will be prepared according to IFRS.

On 18 September 2006 the Company acquired the entire issued share capital (being 1,000 shares of CY£1 each) of the Cyprus Subsidiary. The Cyprus Subsidiary was incorporated on 14 July 2006 with the registered name ''Faendo Limited''. The Company has no other subsidiaries.

2. Share Capital

The authorised share capital of the Company on incorporation was US$25,000, divided into 2,500,000 Ordinary Shares of US$0.01 each. By special resolution dated 25 September 2006, the authorised share capital of the Company was increased to US$3,000,000, divided into 300,000,000 Ordinary Shares of US$0.01 each. By ordinary resolution dated 25 September 2006, the Directors were authorised to allot shares up to an aggregate number of 250,000,000 ordinary shares of US$0.01 each, such authority to remain in place for five years from the date of the resolution, unless subsequently revoked, amended or extended by general meeting. On incorporation, 2 Ordinary Shares were issued, fully paid to the subscribers to the Memorandum. Those Ordinary Shares will be made available under the Placing. The Placing Price of US$1 per Placing Share represents a premium of 99.9 cents to the nominal value of an Ordinary Share.

Articles were adopted by special resolution of the Company dated 25 September 2006 which, conditional upon the Placing and on Admission, authorised the Company, in accordance with the Companies (Purchase of Own Shares) Ordinance, 1998, to make market purchases (as defined in that Ordinance). Please see Section 8 of Part 1 of this document, headed ''Ordinary Share Discount and Repurchase Facility'' for more details.

By special resolution dated 25 September 2006, it was resolved that, conditional upon the issue of capital pursuant to the Placing, and the payment in full of the first tranche of Placing Shares, the amount standing to the credit of the share premium account of the Company after the issue and payment of the said first tranche of Placing Shares shall be cancelled and the amount so cancelled shall be credited as a distributable reserve in the books of the Company.

On the assumption that all of the Ordinary Shares available under the Placing are fully taken up, the anticipated issued share capital of the Company will consist of 250,000,000 fully paid Ordinary Shares immediately following completion of the Placing.

In accordance with the power granted to the Directors by the Articles, it is expected that the Placing Shares will be allotted, conditional upon Admission, pursuant to resolutions of the Board to be passed on or about 4 October 2006 (in respect of the first tranche Placing Shares) and on or about 16 January 2007 (in respect of the second tranche Placing Shares). The allotment of the Placing Shares will not be made on a pre-emptive basis and the pre-emption provision in the Articles will be specifically disapplied in respect of such allotments. There are no provisions of Guernsey law which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash.

Subject to the exceptions set out in Section 4 of this Part 5, headed, ''Memorandum and Articles — Restrictions on Transfer of Shares'' and Section 7 of this Part 5, headed ''Restrictions on Offering of Placing Shares in Respect of US Persons'', Ordinary Shares are freely transferable and Shareholders are entitled to participate (in accordance with their rights specified in the Articles) in the assets of the Company attributable to their Ordinary Shares on a winding-up of the Company or a winding-up of the business of the Company.

Save as disclosed in this Part 5, since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

All of the Ordinary Shares will be in registered form and eligible for settlement in CREST (US investors are, however, referred to Section 7 of this Part 5, headed ''Restrictions on Offering of Placing Shares in Respect of US Persons'', since all Ordinary Shares issued to US Persons will be in certificated form). Temporary documents of title will not be issued.

The names and business addresses of the subscribers to the Memorandum, whose Ordinary Shares will be made available under the Placing, are as follows: Mark Andrew Jonathan Helyar (1), Kwan Burachati (1), both of 3rd Floor, La Plaiderie House, La Plaiderie, St Peter Port, Guernsey GY1 1HD. The subscribers are lawyers with Bedell Cristin, the legal advisers to the Company as to Guernsey law.

3. Directors' and Other Interests

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

Those Directors who are expected to invest, directly or indirectly, in Ordinary Shares pursuant to the Placing are as follows:

Directors	*Ordinary Shares*
Julian Reid	20,000
Anthony Hall	50,000
Roger Phillips	40,000
Paul Tierney, Jr	1,000,000
Paul Hart	75,000

The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 31 December 2006, which will be payable out of the assets of the Company, are not expected to exceed £45,000. Each of the Directors is entitled to be paid the following fee by the Company:

(i) Julian Reid is entitled to a fee of £35,000 per annum; and

(ii) Paul Hart, Paul Tierney, Jr, Anthony Hall and Roger Phillips are each entitled to a fee of £25,000 per annum. Paul Hart has requested that all amounts payable to him by way of remuneration for his role as a Director should be paid directly to Acanthus Advisers Private Equity Limited.

All such Directors' fees are payable quarterly in arrears.

The Directors were each appointed on 1 September 2006 pursuant to letters of appointment, details of which are set out in Section 8 of this Part 5, headed "Directors' Letters of Appointment and Emoluments".

The Company proposes to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, or which has been effected by the Company since its incorporation.

No Director (or any member of a Director's family) has a related financial product referenced to the Company's AIM securities.

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:

Name	*Current directorships/partnerships*	*Past directorships/partnerships*
Julian Reid	JF China Fund Inc The Korea Fund Inc 3a Funds Group	The Saffron Fund Inc Morgans Walk Properties
Paul Hart	Acanthus Advisers LLP Acanthus Advisers Corporate Finance LLP Acanthus Advisers Private Equity Limited Neptune Investment Management Ltd Coneta Investments Ltd	E D Holdings Ltd Hawkpoint Partners Limited
Anthony Hall	Audley Capital Management Limited Caliber Global Investment Limited City Living PCC Limited Elven Investments Limited First Winchester Investments Limited Helios Alternative Strategies Limited Schweizer Invescom Limited S P I Capital Limited Stratton Street PCC Limited The Dejima Fund Limited	Blue Circle Assets Limited Brig Specialist Assets Limited Butterfly Specialist Assets Limited Charteris Holdings Limited Coromandel International Limited Coromandel Trend Fund Limited Corvus Capital Inc First Montana Capital Limited Highland Capital Holdings Limited Highland Equity Holdings Limited Highland Specialist Holdings Limited Newmarket Assets Limited ReAl Indemnity Limited Stellar High Yield Hedge Fund Limited Taran Global Futures Fund Limited The Charteris European Government Bond Fund The Charteris US Treasury Fund Limited Total Return Alternative Strategies Ltd
Roger Phillips	Kleinwort Benson Elite PCC Limited Elite Bonds Limited Elite Equities Limited The Collins Stewart PCC Limited Collins Stewart Absolute Return Fund Limited	Financial Investment Portfolio Company (No 1) Limited Globalsar-Fergus Limited HRS Asset Management Limited HRS Holdings Limited Royal Bank of Canada ARC Fund Limited Royal Bank of Canada International Currencies Fund Limited Royal Bank of Canada Offshore Fund Managers Limited Kleinwort Benson (Guernsey) Trustees Limited Corporate Services (Guernsey) Limited Orbis Trustees Guernsey Limited Orbis Management Limited

Paul Tierney, Jr	Liz Claiborne, Inc., Earth Color, Inc., Nina McLemore, Inc., Altea Therapeutics, The Protective Group (PTG), Aperture Venture Partners, L.P Development Capital LLC	Merrill Lynch & Co Gollust, Tierney and Oliver United States Railway Association White, Weld & Co. United Air Lines, Inc.

Save as disclosed below, at the date of this document, none of the Directors:

(i) has any unspent convictions in relation to indictable offences;

(ii) has been bankrupt or entered into an individual voluntary arrangement;

(iii) was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;

(iv) has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

(v) has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

(iv) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Guernsey law does not require the public notification of or disclosure of the acquisition by any person of a direct or indirect interest in its capital or voting rights.

No Shareholder has different voting rights from any other Shareholder.

The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or, immediately following the Placing, could exercise control over the Company.

Mattias Westman, who is one of the indirect controllers of the Manager referred to in Section 12 of Part 1 of this document, proposes to invest in 1,000,000 Ordinary Shares pursuant to the Placing. Mr Westman has also entered into the Lock-In Deed, under the terms of which he has agreed, for the purposes of and subject to Rule 7 of the AIM Rules, not to transfer any interest in those Ordinary Shares or in any other securities of the Company for a period of one year from the date of Admission. None of the other indirect controllers of the Manager proposes to acquire any Ordinary Shares pursuant to the Placing.

4. Memorandum and Articles

The Memorandum provides that the objects of the Company include carrying on business as an investment company. The objects of the Company are set out in full in clause 3 of the Memorandum, copies of which are available for inspection at the registered office of the Company.

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

Ordinary Shares

Income

The holders of Ordinary Shares have the right to receive in proportion to their holdings all the revenue profits of the Company attributable to the Ordinary Shares as a class available for distribution and determined to be distributed by way of interim and/or final dividend at such times as the Directors may, in their absolute discretion, determine.

Capital

On a winding-up of the Company, after paying all the debts attributable to and satisfying all the liabilities of the Company, shareholders shall be entitled to receive by way of capital any surplus assets of the Company attributable to the shares as a class in proportion to their holdings.

The Company shall not, without the previous consent in writing of the holders of not less than three-quarters of the Ordinary Shares in issue or the sanction of a resolution passed at a separate general meeting of the Shareholders by a majority of not less than three-quarters of the votes cast at such meeting:

(i) make any material change in the investment policy of the Company; or

(ii) pass any resolution amending, altering or abrogating any of the rights attaching to the Ordinary Shares as a class.

Pre-emption

The Articles confer rights of pre-emption on existing shareholders in connection with the allotment of equity securities for cash. However, provided that the Directors are generally authorised to allot equity securities, they may be given power by a special resolution of the Company to allot equity securities as if the pre-emption provisions do not apply.

Voting at General Meetings

Subject to any special rights or restrictions for the time being attached to any class of shares, on a show of hands every member present in person or by proxy has one vote. Upon a poll, every member present in person or by proxy has one vote for each share held by him.

A shareholder shall not be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all amounts payable by it in respect of such share have been paid.

Annual general meetings and extraordinary general meetings are called by the Directors or a Shareholder requisition on not less than 14 days' notice.

Creation of Additional Classes of Shares

Subject to the provisions of the Articles, the Directors may from time to time determine to issue one or more classes of shares or warrants and the Company's unissued shares shall be at the disposal of the Directors, who may offer, allot, grant options over, or otherwise dispose of them to such persons, for such consideration, on such terms and at such times as the Directors determine, but so that no share or warrant shall be issued at a discount to its prevailing net asset value and so that the amount payable on the purchase of each share shall be fixed by the Directors.

Restrictions on Transfer of Shares

Subject to such of the restrictions noted below as may be applicable, any shareholder may transfer all or any of his/her shares in any form which the Directors may accept. Any written instrument of transfer of a share must be signed by or on behalf of the transferor and, in the case of a partly paid share, the transferee and the transferor will be deemed to remain the holder of such share until the name of the transferee is entered in the register. The Directors may, in their absolute discretion and without assigning any reasons therefor, refuse to register a transfer of any share in certificated form which is not fully paid or on which the Company has a lien, provided that such restriction will only be exercised if this would not prevent dealings in the shares from taking place on an open and proper basis. The Directors may only decline to register a transfer of a share in uncertificated form in the circumstances set out in the CREST regulations or where there are four or more joint holders.

The Directors may also refuse to register any transfer of a share:

(i) unless it is in respect of only one class of shares;

(ii) unless it is in favour of a single transferee or not more than four joint transferees;

(iii) unless it is delivered for registration to the office, or such other place as the Directors may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to prove 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; and

(iv) where such transfer may give rise to or constitute (in the absolute discretion of the Directors) a legal, regulatory, fiscal, tax or pecuniary disadvantage to the Company, 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

and would not be in contravention of any of the requirements or the rules of any recognised investment exchange (including but not limited to AIM) to which the Company may be subject from time to time.

If the Directors refuse to register a transfer they must, within two months of the date on which the instrument of transfer was lodged with the Company, send notice of the refusal to the transferee.

In the case of the death of any one of joint holders, the survivor or survivors, and in the case of the death of a sole holder the executor, shall be the only person or persons recognised by the Company as having any title or interest in the Ordinary Shares of the deceased holder.

Subject to the Companies Laws, registration of transfers may be suspended and the register of members closed by the Directors at their discretion, provided that the register of members shall not be closed for more than 30 days in any year.

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of the CREST system. If the Directors implement any such arrangement, no provision of the Articles applies or has effect to the extent that it is in any respect inconsistent with:

(i) the holding of shares of that class in uncertificated form;

(ii) the transfer of title to shares of that class by means of the CREST system; or

(iii) the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST system, such shares may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the Directors otherwise determine, such shares held by the same shareholder or joint shareholders in certificated form and uncertificated form at the same time shall be treated as separate holdings. Such shares may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements.

Title to such of the shares as are recorded on the register of the Company as being held in uncertificated form may be transferred only by means of the CREST system. Every transfer of shares from a CRESTCo account of a CRESTCo member to a CRESTCo account of another CRESTCo member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreement or arrangements to the contrary however and whenever arising and however expressed.

In addition to the foregoing, the Memorandum and the Articles contain provisions to give effect to the restrictions on transfer contained in this document. Without limiting the foregoing, the Directors generally may, in their absolute discretion, decline to register a transfer of any share which is not fully paid or on which the Company has a lien or to any person where such transfer may give rise to or constitute a disadvantage to the Company, and in particular may decline to register:

(i) any transfer to a US Person (or any transfer which may result in securities being beneficially owned by a US Person) that is not a ''qualified institutional buyer'' within the meaning of Rule 144A and a ''qualified purchaser'' within the meaning of Section 2(a)(51) of the Investment Company Act; and

(ii) any transfer to a Benefit Plan Investor that is subject to ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement.

Provision of Information

The Directors shall have discretion to demand such reasonable information as they may require to be provided to the Company by a shareholder or prospective shareholder within such reasonable time as the Directors shall determine.

Mandatory Sales and Repurchases

The Company may at any time require the holder of any class of shares of the Company to sell some or all of the shares held by it within a specified period at the prevailing market price for such shares in any of the circumstances set out below. If such shareholder does not comply with such a demand within the period specified, the Company may repurchase such shares at the prevailing market price. The Company may exercise these rights at any time if it shall come to the attention of the Directors that:

(i) any share has been or may have been acquired in circumstances which may give rise (in the absolute discretion of the Directors) to a legal, regulatory, fiscal, tax or pecuniary disadvantage to the Company, 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 and would not be in contravention of any of the requirements or the rules of any recognised investment exchange (including but not limited to AIM) to which the Company may be subject from time to time;

(ii) any share is or may be held directly or beneficially by a US Person that is not a ''qualified institutional buyer'' within the meaning of Rule 144A and a ''qualified purchaser'' within the meaning of Section 2(a)(51) of the Investment Company Act;

(iii) any share has been or may have been acquired, as the Directors may determine in their absolute discretion, in violation of applicable securities laws; or

(iv) any share is held by a Benefit Plan Investor that is subject to ERISA or Section 4975 of the Code, a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement.

Directors

Unless otherwise determined by ordinary resolution, the number of the Directors shall not be less than two.

A majority of the Directors shall not be resident in the United Kingdom. Meetings of Directors will normally be held in Guernsey.

The remuneration of each Director shall be determined from time to time by the Directors, provided always that the remuneration of each Director shall not exceed £50,000 per annum or such higher amount as may be approved by the Company in general meeting.

The Directors shall also be entitled to be paid their reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Directors or committees of the Board or general meetings and all expenses properly and reasonably incurred by them in the conduct of the Company's business or in the discharge of their duties as Directors.

The Directors, secretary and other officers or servants or agents for the time being of the Company shall be indemnified out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses in respect of which they may lawfully be indemnified which they or any of them shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted, in or about the execution of their duty or supposed duty or in relation thereto, except such (if any) as they shall incur or sustain by or through their own wilful act, neglect or default. Each of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for any bankers, brokers, or other persons into whose hands any money or assets of the Company may come, or for any defect of title of the Company to any property purchased, or for the insufficiency or deficiency or defect of title of the Company, to any security upon which any monies of the Company shall be invested, or for any loss or damage occasioned by an error of judgement or oversight on their part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of their respective offices or in relation thereto, except the same shall happen by or through their own wilful act of neglect or default.

The Company may purchase and maintain insurance for the benefit of the Directors and other officers of the Company or any subsidiary including insurance against costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported discharge of their respective duties, powers and discretions in relation to the Company.

A Director who to his knowledge is in any way, directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, otherwise than by virtue of his interests in shares or debentures or otherwise in or through the Company, shall disclose the nature of his interest to the Board. A Director shall not vote or be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any contract or arrangement or any other proposals in which he is to his knowledge, alone or together with any person connected with him, materially interested, save that this prohibition shall not apply in respect of a resolution relating to:

(i) 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;

(ii) 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;

(iii) 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;

(iv) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company in which he (and any persons connected with him) is interested and whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing 1% or more of either a class of the equity share capital or of the voting rights in the relevant company;

(v) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings which only awards him a privilege or benefit generally awarded to the employees to whom it relates; or

(vi) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

The Articles do not contain a provision which disqualifies any person from being appointed as a Director and which requires him to vacate the office of Director by reason only of the fact that he has attained 70 years of age.

The Board shall have the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

No share qualification is required for Directors.

Borrowing Powers

The Board may exercise all the powers of the Company to borrow up to US$75,000,000 subject to such restrictions in respect of the Company as a whole as may be set out in any admission document published from time to time and may guarantee, mortgage, hypothecate, pledge or charge all or part of the Company's undertaking property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party.

Any person lending money to the Company shall be entitled to assume that the Company is acting in accordance with the Articles and shall not be concerned to enquire whether such provisions have in fact been complied with.

Disclosures of Interests in Shares

The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person (other than the member) who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine. The Directors may be required to exercise their powers under the Articles on the requisition of members holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right to vote at general meetings.

If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice, or 14 days where the shares concerned represent 0.25% or more of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the member. The direction notice may direct that, in relation to the shares in respect of which the default has occurred (the "default shares") and any other shares held by the member, the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25% of the issued shares of the relevant class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest), and that

no transfer of shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.

Untraced Shareholders

The Company shall be entitled to sell (at a price which the Company shall use its reasonable endeavours to ensure is the best obtainable) the shares of any class of a member or the shares of any class to which a person is entitled by virtue of transmission, death or bankruptcy or otherwise by operation of law if and provided that:

(i) during the period of not less than 12 years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) at least three dividends in respect of such shares have become payable and no dividend in respect of those shares has been claimed;

(ii) the Company shall, following the expiry of such period of 12 years, have placed advertisements, both in a national newspaper and in a newspaper circulating in the area in which the last known address of the member at which service of notices may be effected under the Articles is located, giving notice of its intention to sell such shares; and

(iii) during the period of three months following the publication of such advertisements (or, if published on different dates, the last thereof) the Company shall have received indication neither of the whereabouts nor of the existence of such member or person.

In the case of shares in uncertificated form, the foregoing provisions are subject to any restrictions applicable under any regulations relating to the holdings and/or transferring of securities in any paperless system as may be introduced from time to time.

Dividends

The Company in general meeting may declare a dividend, but no dividend shall exceed the amount recommended by the Directors. No dividend shall be paid otherwise than out of profits available for that purpose.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. No unclaimed dividend shall bear interest against the Company. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend will be forfeited and will revert to the Company.

The Directors are also empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute.

5. Litigation and Arbitration

Since its incorporation the Company has not been, and is not currently, involved in any legal or arbitration proceedings nor, so far as the Directors are aware, are there any legal or arbitration proceedings pending or threatened by or against the Company which may have, or have since incorporation had, a significant effect on the Company's financial position or profitability.

6. Working Capital

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

7. Restrictions on Offering of Placing Shares in Respect of US Persons

The Placing Shares are being offered only (i) within the United States in reliance on an exemption from registration under the Securities Act pursuant to Regulation D to, or for the account or benefit of, US Persons who are both "accredited investors" as defined in Regulation D and "qualified purchasers" as defined in section 2(a)(51) of the Investment Company Act and (ii) outside the United States in offshore transactions to non-US Persons in reliance on Regulation S. Terms used in the preceding sentence and in the following description that are defined in Regulation D, Rule 144A or Regulation S or in the Investment Company Act and the rules and regulations promulgated thereunder are used as therein defined.

Each purchaser of Placing Shares will be required to represent, warrant and agree in its Letter of Confirmation or its US Subscription Letter (as applicable), *inter alia*, as follows:

(i) The purchaser either:

(a) is a non-US Person purchasing the Placing Shares outside the United States in an offshore transaction pursuant to Regulation S; or

(b) (I) is a US Person that is an ''accredited investor''; (II) is acquiring the Placing Shares for its own account or the account of one or more accredited investors as to which it exercises sole investment discretion, for investment purposes only and not with a view to any resale, distribution or other disposition in violation of any US federal or state securities laws; (III) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Placing Shares, and it, and each person for which it is acting, is able to bear the economic risks of such investment; (IV) has had the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and to request additional information, and has chosen to rely solely on the information contained in this document; and (V) is a ''qualified purchaser'' within the meaning of Section 2(a)(51) under the Investment Company Act.

(ii) The purchaser understands that the Placing Shares are being offered in a transaction not involving any public offering within the United States within the meaning of the Securities Act, that the Placing Shares have not been and will not be registered under the Securities Act, that the Company has not been, and will not be, registered as an investment company under the Investment Company Act and that (a) if in the future it decides to offer, resell, pledge or otherwise transfer any of the Placing Shares such Placing Shares may be offered, resold, pledged or otherwise transferred only in accordance with the legend set out in (iii) below and that (b) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Placing Shares from it of the resale restrictions referred to in (a) above except, in the case of a transfer through CREST of Placing Shares in uncertificated form only, if such notification is not possible.

(iii) The purchaser understands that the Placing Shares will, unless otherwise agreed by the Company and the holder thereof, if the Placing Shares are in certificated form bear (or, if in uncertificated form be deemed to bear) a legend substantially to the following effect:

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), AND 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''), AND THIS SECURITY OR ANY BENEFICIAL INTEREST THEREIN MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. BY PURCHASING THE SECURITY REPRESENTED HEREBY THE HOLDER OF THIS SECURITY OR ANY BENEFICIAL INTEREST THEREIN AGREES FOR THE BENEFIT OF THE COMPANY THAT THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) OUTSIDE OF THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT OR (II) WITHIN THE UNITED STATES TO A US PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT AND A ''QUALIFIED PURCHASER'' WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT, IN EACH OF CASES (I) OR (II) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION. THE COMPANY AND ITS REGISTRAR WILL REFUSE TO REGISTER A TRANSFER TO A US PERSON THAT DOES NOT MEET THE REQUIREMENTS REFERRED TO IN (II) ABOVE. EACH HOLDER OF THIS SECURITY OR ANY BENEFICIAL INTEREST THEREIN WILL BE REQUIRED TO REPRESENT OR WILL BE DEEMED TO REPRESENT THAT NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO PURCHASE, AND NO PORTION OF THE ASSETS USED BY SUCH TRANSFEREE TO HOLD, THIS SECURITY OR ANY BENEFICIAL INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE ASSETS OF A PLAN THAT IS SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (''ERISA''), SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED OR A PLAN OR ARRANGEMENT THAT IS SUBJECT TO ANY OTHER STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT WOULD HAVE THE SAME EFFECT AS REGULATIONS PROMULGATED UNDER ERISA BY THE U.S.

DEPARTMENT OF LABOR AND CODIFIED AT 29 C.F.R. SECTION 2510.3-101 TO CAUSE THE UNDERLYING ASSETS OF THE COMPANY TO BE TREATED AS ASSETS OF THAT INVESTING ENTITY BY VIRTUE OF ITS INVESTMENT IN THE COMPANY AND WILL BE SUBJECT TO RESTRICTIONS IN THE COMPANY'S ARTICLES OF ASSOCIATION. THE COMPANY AND ITS ADMINISTRATOR MAY REFUSE TO REGISTER A TRANSFER THAT DOES NOT MEET THE RESTRICTIONS REFERRED TO HEREIN. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY TRANSFEREE OF THESE SHARES OF THE RESALE RESTRICTIONS REFERRED TO HEREIN.

(iv) The purchaser understands that the Placing Shares may not be sold or transferred to, and represents, warrants and agrees that it is not acquiring Placing Shares for or on behalf of, and will not transfer the Placing Shares to, a Benefit Plan Investor within the meaning of US Department of Labor Regulation 2510.3-101 subject to ERISA or Section 4975 of the Code, or a plan or arrangement that is subject to any other state, local, non-US or other laws or regulations that would have the same effect as regulations promulgated under ERISA by the US Department of Labor and codified at 29 C.F.R. Section 2510.3-101 so as to cause the underlying assets of the Company to be treated as assets of that investing entity by virtue of its investment in the Company and thereby subject the Company (or persons responsible for the investment and operation of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Code (''Similar Laws'').

(v) The purchaser acknowledges that the Company, Centenium, Meritum, Pershing and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties, consents to such reliance and agrees that if any such acknowledgement, representation or warranty deemed to have been made by virtue of its purchase of Placing Shares is no longer accurate, it shall promptly notify the Company and Centenium, which shall in turn notify Meritum and Pershing.

(vi) The purchaser agrees that the Company may require a certification from the transferee in support of any transfer, in form and substance satisfactory to the Company and agrees that the Company, the Registrar or any transfer agent may reasonably require additional evidence or documentation supporting compliance with applicable securities laws, ERISA and Similar Laws and, prior to the registration of any transfer, the Directors may require of a proposed transferee or transferor such certifications, notifications, agreements and warranties and legal opinions of duly qualified counsel as they may reasonably require (including, but not limited to, that the transferee is not a US Person as defined in Regulation S or is a US Person that is a ''qualified institutional buyer'' and a ''qualified purchaser'', and is not acquiring the Placing Shares for or on behalf of, and will not transfer the Placing Shares to, a ''benefit plan investor'' within the meaning of US Department of Labor Regulation 2510.3-101 subject to ERISA or Section 4975 of the Code, or a plan, account or arrangement that is subject to Similar Laws, or an entity whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement, so as to ensure the proposed transferee would be entitled to hold the same in accordance with these provisions and that all applicable laws will be or would have been complied with.

(vii) The purchaser acknowledges that the Company, the Administrator and the Registrar or its/their agents reserve the right to make inquiries of any holder of the Placing Shares or interests therein at any time as to such person's status under US securities laws, ERISA and Similar Laws, and to require any such person that has not satisfied the Company that such person is holding appropriately under US securities laws, ERISA and Similar Laws to transfer such Placing Shares or interests therein immediately to the Company.

(viii) The purchaser agrees that it will inform each subsequent purchaser of Placing Shares from it of these transfer restrictions.

The Company may determine to modify the requirements set forth above or to require additional certifications and/or related documentation to evidence an exemption from the registration requirements of the Securities Act, the Investment Company Act, other applicable US securities laws, ERISA or Similar Laws, in each case in accordance with applicable law.

8. Directors' Letters of Appointment and Emoluments

On 2 October 2006, the Company entered into non-executive director letters of appointment in substantially the same terms with each of the Directors, the terms of which are summarised below.

The letters of appointment are effective from 1 September 2006 for an initial fixed term of three years, unless terminated earlier by either party giving to the other three months' prior written notice (and subject always to re-election of the Directors at the first annual general meeting of the Company following their appointment). Re-appointment of each Director will be reviewed annually or (if earlier) the date upon which that Director reaches the age of 65. The continuation of the appointment of each Director depends on satisfactory performance and re-election at future annual general meetings of the Company. In addition, the Company may terminate each Director's appointment with immediate effect if the Director has:

(i) committed any serious breach or repeated or continued material breach of its obligations to the Company;

(ii) been guilty of any act of dishonesty or serious misconduct;

(iii) been declared bankrupt or made an arrangement to composition with or for the benefit of creditors or declared ''en désastre'' under Guernsey law;

(iv) been disqualified from acting as a director; or

(v) been admitted to hospital for mental treatment under the Mental Treatment (Guernsey) Law 1939, as amended.

Each letter of appointment is governed by Guernsey law.

Under the terms of their letters of appointment, each of the Directors is entitled to be paid the following fee by the Company:

- Julian Reid is entitled to a fee of £35,000 per annum; and
- Paul Hart, Paul Tierney, Jr, Anthony Hall and Roger Phillips are each entitled to a fee of £25,000 per annum.

All such Directors' fees are payable quarterly in arrears.

9. Material Contracts

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

Placing Agreement

Under the terms of the Placing Agreement, Meritum has been appointed to act as placing agent to the Company in respect of the Placing of the Placing Shares outside the United States to non-US Persons. Meritum has agreed to use its reasonable endeavours to procure subscribers outside the United States, who are non-US Persons, for the Placing Shares at the Placing Price. The Placing is not being underwritten by Meritum.

Under the Placing Agreement and subject to its having become wholly unconditional, the Company has agreed to pay Meritum, out of the proceeds of the Placing relating to the Placing Shares issued to, and paid for in full by, investors pursuant to the Placing Letters, a commission of 1% of the aggregate value at the Placing Price of such Placing Shares. The Company will also pay all the reasonable expenses (including any applicable VAT) of, or incidental to, the Placing properly incurred including (but not limited to) London Stock Exchange fees, printing, advertising and distribution costs, the Administrator's charges and reasonable legal expenses and disbursements and other professional expenses, together with any travelling and out-of-pocket expenses.

The allotment of the Placing Shares and the Company's obligations to pay the commission and expenses referred to above are conditional, *inter alia*, on:

(i) the Admission document having been published in accordance with the AIM Rules;

(ii) Admission taking place not later than 6 October 2006, or such later date, not being later than 6 November 2006, as may be agreed by the Company, the Manager, Centenium and Meritum;

(iii) consent to the raising of monies pursuant to the Placing having been received on or before Admission from the Advisory and Finance Committee of the State of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989;

(iv) the Placing Agreement not having been terminated pursuant to the rights contained therein; and

(v) irrevocable commitments for the purchase of Placing Shares from investors, including US investors, not being less than US$150 million in aggregate by 4 p.m. on 4 October 2006.

The Placing Agreement contains certain warranties on the part of the Company and the Manager in favour of Meritum and KPMG Corporate Finance as to, *inter alia*, the accuracy of the information contained in this document and other matters relating to the Company and its business. The Placing Agreement contains indemnities in favour of Meritum and KPMG Corporate Finance against all losses, liabilities, claims, costs, charges and expenses brought against or incurred by them in connection, *inter alia*, with the Placing and any breach or alleged breach of the warranties given by the Company and/or the Manager under the Placing Agreement or by Centenium under the US Private Placement Agreement, save in the case of the fraud, negligence or wilful default of Meritum or KPMG Corporate Finance or any member of their groups, any breach by them of their obligations under the Placing Agreement or any liability of such nature that it may not be excluded pursuant to the rules of the FSA.

The Company has agreed with KPMG and Meritum that, if required to do so at any time in writing by either KPMG or Meritum, it shall use its best endeavours to enforce the rights and undertakings afforded to it by Centenium under the US Private Placement Agreement.

The Directors have undertaken, in accordance with and subject to the conditions set out in the Placing Agreement, not to dispose of any interests in their Placing Shares for the period of one year from the date of Admission.

Meritum (in consultation with the Manager and the Company) is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission, including, *inter alia*, on a material breach of any of the warranties or of any other material term of the Placing Agreement by the Company and/or the Manager.

The Placing Agreement is governed by English law.

US Private Placement Agreement

Under the terms of the US Private Placement Agreement, Centenium has been appointed to act as US private placement agent to the Company in respect of the placing of Placing Shares with US Persons. Centenium has agreed to use its reasonable best efforts to procure subscribers who are US Persons satisfying certain criteria for the Placing Shares at the Placing Price. The Placing is not being underwritten by Centenium.

Under the US Private Placement Agreement, if Admission takes place, Centenium will receive from the Company, out of the proceeds of the Placing relating to the Placing Shares issued to, and paid in full by, investors pursuant to the US Subscription Letters, a commission of 1% of the aggregate value at the Placing Price of such Placing Shares. Centenium has undertaken that it will pay, or cause to be paid, within 15 Business Days of Admission or 18 January 2007, as relevant, to each such investor such portion of such commission as is equal to such commission multiplied by a fraction, (i) the numerator of which is the number of Placing Shares subscribed by such investor and (ii) the denominator of which is the number of Placing Shares subscribed by all such investors. The Manager has agreed to pay Centenium a portion of the Management Fee and the Performance Fee that it receives which is attributable to the Placing Shares subscribed by such investors who remain beneficial owners of such Placing Shares during the term of the Company.

Centenium will bear all expenses and costs incurred in connection with the performance of its services under the US Private Placement Agreement, including, without limitation, the salaries, benefits and other remuneration of employees, office expenses, overhead expenses, travel expenses, telephone expenses, automobile expenses, and all taxes, including assessments which may be made against the salary or wages of those employed by Centenium.

The allotment of the Placing Shares and the Company's obligations to pay the commission referred to above are conditional, *inter alia*, on:

(i) the Admission document having been published in accordance with the AIM Rules;

(ii) Admission taking place not later than 6 October 2006, or such later date, not being later than 6 November 2006, as may be agreed by the Company, the Manager, Centenium and Meritum;

(iii) consent to the raising of monies pursuant to the Placing having been received on or before Admission from the Advisory and Finance Committee of the State of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989;

(iv) the US Private Placement Agreement not having been terminated pursuant to the rights contained therein; and

(v) irrevocable commitments for the purchase of Placing Shares from investors, including US investors, not being less than US$150 million in aggregate by 4 p.m. on 4 October 2006.

The US Private Placement Agreement contains warranties and undertakings given by (i) Centenium, including, *inter alia*, that it is a broker-dealer registered with the US Securities and Exchange Commission and that it will comply with all applicable laws, rules and regulations applicable to Centenium, and (ii) the Company and the Manager, *inter alia*, as to the accuracy of the information contained in this document, compliance with all applicable anti-money laundering rules and regulations and to the effect that the Company has the power under the Memorandum and the Articles to allot Placing Shares to US Persons in connection with the Placing. The US Private Placement Agreement contains an indemnity (which will remain in effect for two years after termination of the agreement) by each party in respect of any loss, claim, damage, expense or liability incurred by each indemnified party (including, without limitation, reasonable attorneys' fees and other expenses in investigating, defending against or appearing as a third-party witness in connection with any action or proceeding) arising out of or attributable to: (i) a misrepresentation or breach by the indemnifying party or its shareholders, directors, partners, officers, employees or representatives of any provision of or representation contained in the agreement; (ii) a violation of any applicable law or regulation by the indemnifying party or its shareholders, directors, partners, officers, employees or representatives; or (iii) the fraud, gross negligence or wilful misconduct of the indemnifying party or its shareholders, directors, partners, officers, employees or representatives.

The US Private Placement Agreement is governed by English law.

Lock-In Deeds

The Company and KPMG Corporate Finance have entered into a deed with Mattias Westman, under the terms of which Mr Westman agreed, for the purposes, and subject to the provisions, of AIM Rule 7, not to dispose of any interest in Ordinary Shares or other securities of the Company for a period of one year from the date of Admission.

Nominated Adviser Engagement Letter

On 5 June 2006, the Manager engaged KPMG Corporate Finance to act as financial adviser in relation to the proposed application for the Admission of the Ordinary Shares. The Company became a party to the services contract embodied in the Nominated Adviser Engagement Letter upon its incorporation on 31 August 2006. For the purposes of the Nominated Adviser Engagement Letter, both the Manager and the Company are referred to as the "Client".

The Client has agreed to pay KPMG Corporate Finance a fee of £225,000 (excluding VAT). The Client has also agreed to pay the fees of Messrs Stephenson Harwood for advising KPMG Corporate Finance. In addition, the Client has agreed to reimburse KPMG Corporate Finance for any reasonable expenses incurred by KPMG Corporate Finance during the course of its engagement.

The Nominated Adviser Engagement Letter is governed by English law.

Nominated Adviser Agreement

Under the terms of an agreement entered into on 8 September 2006, KPMG Corporate Finance has been engaged by the Company to act as its Nominated Adviser in accordance with AIM Rules with effect from and following Admission.

The Company has agreed to pay KPMG Corporate Finance an annual retainer of £35,000 (excluding VAT). The Company will also reimburse expenses properly incurred by KPMG Corporate Finance, together with any applicable VAT thereon.

Either party may terminate the agreement upon 30 days' prior written notice to the other, save where the Company is in breach of the AIM Rules or its obligations to KPMG Corporate Finance, in which case KPMG Corporate Finance will have a right to resign immediately.

The Company has agreed that neither KPMG Corporate Finance nor any of its representatives will have any liability to the Company in respect of its obligations under the agreement unless such liability has been finally judicially determined to have resulted from KPMG Corporate Finance's fraud, deliberate breach of duty or gross negligence.

The Nominated Adviser Agreement is governed by English law.

Broker Engagement Letter

By letter of appointment dated 22 August 2006, the Manager has (on behalf of the Company) appointed Meritum as broker to the Company, both in connection with the Placing and Admission and thereafter.

The services to be provided by Meritum under the terms of the letter include using reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Placing, attendance at board meetings of the Company, advice on an investor liaison programme, supporting the Manager's promotional activities and generally fulfilling the responsibilities from time to time of a broker.

The letter confirms that Meritum is entitled to a placing commission of 1 per cent of the gross proceeds of the Placing received from non-US Persons outside the US and, in respect of its engagement as broker, states that Meritum is entitled to an annual retainer of £10,000 (exclusive of value added tax) payable half yearly in advance, the first payment of £5,000 being due on Admission.

Either party may terminate the engagement on giving three months' written notice to the other, provided that Meritum may terminate the engagement summarily in the event of a material breach of the engagement by the Company. If termination occurs other than as a result of material default on the part of Meritum and the Placing (or any transaction having broadly similar effect) occurs within 12 months of such termination, Meritum will be nevertheless entitled to its placing commission as if the Placing had taken place.

Under the terms of the letter of appointment, the Company has undertaken various obligations to Meritum, such as providing it with true, accurate and complete information and keeping information about it, its business and employees confidential. In particular, the Company has agreed to indemnify Meritum in respect of losses, costs, claims and other matters which it may suffer through, *inter alia*, a breach by the Company of its obligations pursuant to the letter of appointment, which does not arise from the gross negligence or wilful default of Meritum or its associate.

The letter of appointment is governed by English law.

Broker Agreement

Under the terms of an agreement between Meritum, the Directors and the Company dated 22 September 2006, Meritum has been appointed to act as broker to the Company. The appointment is for an initial period of one year and thereafter until such appointment is terminated in accordance with the provisions of the agreement. The Company has agreed to pay Meritum for its services as broker an annual fee of £10,000, together with any applicable VAT thereon. Such annual fee shall be reviewed annually on the anniversary of the agreement and shall be payable half-yearly in advance, the first payment of £5,000 falling due on Admission. The agreement is terminable at any time by either party for material breach by the other party and, unless terminated earlier, may be terminated at any time by either party after the first anniversary of Admission on giving not less than three months' prior written notice of the same to the other party. The agreement contains an indemnity in favour of Meritum against all losses, liabilities, claims, costs, charges and expenses incurred in the proper performance of its duties, save in the case of the fraud, negligence or wilful default of the broker, any breach by it of its obligations under the agreement or any liability of such nature that it may not be excluded pursuant to the rules of the FSA.

The Broker Agreement is governed by English law.

Management Agreement

The Company has, under the terms of the Management Agreement, appointed Prosperity Capital Management Limited as its Manager. Subject to the overall supervision and control of the Directors, the Manager has responsibility, within the policies laid down from time to time by the Directors, for identifying, analysing, timing and making the Company's investments, as well as monitoring and disposing of such

investments. The Manager will assist and advise the Directors if required with the valuation of the Company's assets generally.

The Company may terminate the Management Agreement upon not less than 12 months' notice in writing to the Manager, such notice not to expire prior to the fourth anniversary of the Management Agreement. The Company may also terminate the Management Agreement upon a vote of Shareholders holding at least 75% of the outstanding Ordinary Shares where (i) the Manager has acted grossly negligently or in wilful default in connection with the performance of this Agreement, or (ii) the Manager is in material breach of any of its obligations under the Management Agreement and such breach, if capable of remedy, remains unremedied for a period of two weeks following the receipt of notice thereof. In addition, the Company is entitled to terminate the Management Agreement upon not less than 14 days' notice in writing to the Manager upon the removal or resignation of the Adviser where the Manager fails to appoint a replacement adviser within 30 days of such removal or resignation.

Notwithstanding the foregoing, either party may terminate the Management Agreement upon 30 days' notice in writing (without the right to any payment or compensation) without prejudice to the rights of the other party prior to the date of termination upon notice of (i) the insolvency, dissolution or liquidation of either party (other than for the purposes of reconstruction or amalgamation) or (ii) the Manager ceasing to hold a restricted Mutual Fund Administrator's Licence from the Inspector of Financial Services of the Cayman Islands or regulatory consent from the GFSC under The Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989.

Where the appointment of the Manager is terminated for whatever reason, the Company shall, as soon as practicable, appoint a replacement Manager.

Under the terms of the Management Agreement, the Company has agreed to indemnify the Manager for all claims, losses, damages, expenses and liabilities in connection with the performance of its duties, unless these arise from the Manager's gross negligence or wilful default.

The Management Agreement provides that, in the event of any conflict of interest, the Manager is required to act in good faith and as fairly as possible in serving the interests of the Company.

The Management Agreement is governed by the laws of the Cayman Islands. The Management Agreement also governs the Company's investments through the direct and indirect subsidiaries of the Company.

Under the terms of the Management Agreement, the Company has agreed to pay the Manager the Management Fee and the Performance Fee, as detailed in Section 7 of Part 1 of this document, headed "Fees and Expenses — Manager".

Advisory Agreement

The Manager has, under the terms of the Advisory Agreement, appointed Prosperity Capital Management (RF) Limited as the Adviser. The Adviser provides the Manager with securities research, investment evaluation and investment recommendations relating to the investment programme of the Company. The Manager shall pay the fees of the Adviser, which it expects to do from the Management Fee.

The Manager or the Adviser may terminate the Advisory Agreement immediately by written notice to the other (without the right to any payment or compensation) on receipt of such notice or on any later date mentioned therein. The Advisory Agreement will automatically terminate upon (i) the removal or resignation of the Manager for any reason as the investment manager of the Company and no Affiliate of the Manager being appointed as a replacement; or (ii) where the performance of the Adviser's obligations is a regulated activity for purposes of the Securities Investment Business Law 2003 of the Cayman Islands or the Adviser no longer or ceases to be permitted under Securities Investment Business Law 2003 of the Cayman Islands to carry out its obligations or to act as investment adviser.

Under the terms of the Advisory Agreement, the Company has agreed to indemnify the Adviser, its Affiliates and their respective officers, agents and employees from any liability for any damages which may arise in connection with, relating to or arising out of the investment or other activities of the Company, or activities otherwise relating to or arising out of the Advisory Agreement, unless these arise from the gross negligence or wilful default of any such person.

The Advisory Agreement is governed by the laws of the Cayman Islands.

Under the terms of the Advisory Agreement, the Manager has agreed to pay the Adviser an advisory fee payable out of the Management Fee, at such times as may from time to time be agreed between the Manager and the Adviser.

Custody Agreement

The Cyprus Subsidiary has, under the terms of the Custody Agreement, appointed the Custodian to provide custodial services to the Cyprus Subsidiary, which include the safe keeping of securities certificates, recording and certifying the rights to securities and the settlement of transaction relating to such property. The Custodian will receive a fee for its services, as detailed in Section 7 of Part 1 of this document, headed ''Fees and Expenses — Custodian''.

The Custodian will maintain a record in its books, under an account in the name of the Cyprus Subsidiary, of all the investments held by the Cyprus Subsidiary, will register any encumbrances existing on such titles and ensure the safe custody of the investments. The Custodian will also assist the Cyprus Subsidiary in exercising its rights relating to the investments, including the right to receive dividends, income or other payments pertaining to the investments.

The Custodian will be responsible for the safe custody of all monies received in such accounts in connection with the investments held by the Cyprus Subsidiary. Before making any payment out of any such account, the Custodian must have received proper instructions in an agreed form from an authorised person.

The Custodian may appoint sub-custodians (collectively, ''sub-custodians'') in order to fulfil its obligations, and is liable for the actions of any sub-custodians, save where the sub-custodian has been appointed by the Custodian on the written instruction of the Cyprus Subsidiary.

The Custodian is authorised to act on behalf of the Cyprus Subsidiary and represent its interests with the issuers of its investments, registrars and third parties in order to enable the Custodian to receive funds owing to the Cyprus Subsidiary in relation to such investments, and to receive the proceeds from transactions relating to such investments.

The Cyprus Subsidiary is responsible for all filings, tax returns and reports on any transactions undertaken or settled pursuant to the Custody Agreement and for any additional payments in respect of securities, payment of all taxes (including any value added tax), imposts, levies or duties, or any other liability or payments arising out of or in connection with any securities.

Neither party to the Custody Agreement may assign its rights, duties or obligations under the Custody Agreement, except that the Custodian may assign its rights, duties or obligations, in whole or in part, to an affiliate or to a company succeeding to the interest of the Custodian by reason of merger, sale or reorganisation.

The Custody Agreement will continue in full force and effect, unless terminated by either party upon 30 business days notice to the other.

The Custody Agreement is governed by English law.

Administration Agreement

Pursuant to the Administration Agreement, the Company has appointed the Administrator with effect from the date of Admission, to provide administrative and company secretarial services to the Company. The Administrator has the responsibility, subject to the control, review and direction of the Directors, for processing subscriptions, preparing and maintaining books, records and accounts of the Company (including, but not limited to, income accounts, statements of Net Asset Value and statements of charges of assets) to enable the Company to prepare annual audited and quarterly management reports and accounts, liaising with the Auditors and maintaining the register of shareholders of the Company.

The Administrator receives a fees for its services, as detailed in Section 7 of Part 1 of this document, headed ''Fees and Expenses — Administrator''

Subject as provided below, the Administration Agreement will continue in full force and effect for an initial term of three years from the date of Admission and shall be automatically renewed for successive two-year terms thereafter, unless (i) the Company delivers a notice of non-renewal to the Administrator upon not less than 90 days' notice prior to the expiry of the initial term or a renewal term, as the case may be, (ii) the Administrator delivers a notice of non-renewal to the Company upon not less than 6 months' notice prior to the expiry of the initial term or a renewal term, as the case may be or (iii) the Administration Agreement is otherwise terminated. Unless the Company and the Administrator agree otherwise, the Administration Agreement will automatically terminate at the same time as the Sub-Administration Agreement terminates, if notice to terminate the Sub-Administration Agreement is given pursuant to clause 10.4 thereof and no satisfactory replacement sub-administrator is appointed before that notice period expires. Either party may terminate the Administration Agreement at any time upon written notice to the other party where such other

party is in material breach of its obligations under the Administration Agreement and such breach, if capable of remedy, has not been remedied within 30 days after notice thereof. The Company may terminate the Administration Agreement at any time upon written notice to the Administrator where the Administrator is no longer permitted or qualified to perform its obligations under the Administration Agreement pursuant to any applicable law.

Under the terms of the Administration Agreement, the Company has agreed to indemnify the Administrator, its directors, officers, associates, employees, shareholders and servants against all actions, proceedings, claims and demands (including reasonable legal and professional fees and expenses arising therefrom or incidental thereto) which may be brought against the Administrator or any of them in respect of any loss or damage sustained or suffered in connection with the performance of the Administrator's duties, except to the extent arising directly or indirectly as a result of negligence, recklessness, fraud, bad faith or wilful default.

The Administration Agreement is governed by the laws of Guernsey.

Sub-Administration Agreement

Pursuant to the Administration Agreement, the Administrator appointed the Sub-Administrator, with effect from the date of Admission, to perform certain of the Administrator's duties and functions under the Administration Agreement in relation to the Company, and the Company has agreed to such delegation.

The Administrator is responsible for the fees of the Sub-Administrator. The Company will reimburse the Sub-Administrator for all reasonable, duly incurred out-of-pocket expenses, reasonably incurred.

Subject as provided below, the Sub-Administration Agreement will continue in full force and effect for an initial term of three years from the date of Admission and shall be automatically renewed for successive two-year terms thereafter, unless (i) the Company delivers a notice of non-renewal to the Sub-Administrator and the Administrator upon not less than 90 days' notice prior to the expiry of the initial term or a renewal term, as the case may be, (ii) the Sub-Administrator or the Administrator delivers a notice of non-renewal to the Company upon not less than 6 months' notice prior to the expiry of the initial term or a renewal term, as the case may be or (iii) the Sub-Administration Agreement is otherwise terminated. Pursuant to clause 10.4, either the Company or the Sub-Administrator may give 90 days' written notice to the other parties to terminate the Sub-Administration Agreement during the period commencing on the date falling six months after the date that it was entered into and ending one week thereafter. Any party may terminate the Administration Agreement at any time upon written notice to the other parties where any other party is in material breach of its obligations under the Administration Agreement and such breach, if capable of remedy, has not been remedied within 30 days after notice thereof. The Company may terminate the Sub-Administration Agreement at any time upon written notice to the other parties where the Sub-Administrator or Administrator is no longer permitted or qualified to perform its obligations under the Sub-Administration Agreement pursuant to any applicable law or upon termination of the Administration Agreement or the Custody Agreement.

Under the terms of the Sub-Administration Agreement, the Sub-Administrator shall be liable to the Administrator and the Company where loss or damage arises directly or indirectly from the negligence, wilful default, failure to comply with its obligations under the Sub-Administration Agreement, bad faith, recklessness or fraud of the Sub-Administrator or its delegate, sub-contractor or agent in the performance or non-performance of its duties thereunder.

The Sub-Administration Agreement is governed by the laws of Guernsey.

Registrar Agreement

Under the terms of the Registrar Agreement, the Registrar has been appointed to act as registrar to the Company. The Registrar will be paid a minimum annual registration fee of £4,500. The Company will pay an annual fee of £1,500 for the maintenance of the share register of the Company and provision of a UK transfer agent. Further fees will be paid according to the usage of the services by the Company. The Registrar has the responsibility, subject to the control, review and direction of the Directors, for maintaining the register of shareholders of the Company, processing transfers of Ordinary Shares, preparing, sealing and issuing new share certificates and dealing with all correspondence and enquiries relating to the register of members.

The Registrar may, in the performance of its duties and obligations, at its own expense employ or engage a transfer agent in the United Kingdom or other delegate or agent with the prior consent of the Company.

The Company may terminate the Registrar Agreement upon the expiry of not less than three months' written notice of termination given by the Company to the Registrar, provided such notice expires no earlier than six months from the date of the Registrar Agreement. The Registrar may terminate the Registrar Agreement upon the expiry of not less than three months' notice of termination given by the Registrar to the Company. Either party may terminate the Registrar Agreement immediately upon one party giving to the other written notice of immediate termination in the event that (i) the other party becomes insolvent or goes into liquidation, (ii) the other party commits a material breach of its obligations under the Registrar Agreement and such breach, if capable of remedy, has not been remedied within 30 days after notice thereof or (iii) in the case of the Registrar, the transfer agent or any of its officers and employees, being, in the opinion of the Directors, guilty of fraud, wilful misconduct or gross negligence in the performance of their duties under the Registrar Agreement. The Company may terminate the Registrar Agreement at any time upon written notice to the Registrar where the Registrar no longer holds any licence, consent, permit or registration to enable it to act as registrar to the Company or if the Registrar makes any change to the fee payable by the Company under the terms of the Registrar Agreement.

Under the terms of the Registrar Agreement, the Company has agreed to indemnify the Registrar, its officers and employees and any transfer agent against all actions, proceedings, claims and demands (which may be brought against the Registrar or any of them in respect of any loss or damage sustained or suffered in connection with the performance of the Registrar's duties, except to the extent arising as a result of fraud, negligence, bad faith or wilful default. The aggregate liability of the Registrar is limited to the lesser of £1,000,000 or an amount equal to ten times the total annual fee payable to the Registrar, except in the case of fraud, negligence, bad faith or wilful default.

The Registrar Agreement is governed by the laws of Guernsey.

10. Corporate Governance

As an AIM listed company which is incorporated in Guernsey, the Company has no legal obligation to comply with the principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code"). However, it is intended that, following Admission, the Company should adopt policies and procedures which reflect such of those principles of the Combined Code as are appropriate to the Company's size and nature of its operations.

The Company has established, in anticipation of Admission, an audit committee and a nomination committee with formally delegated duties and responsibilities. The audit committee comprises Anthony Hall (as chairman), Roger Phillips and Paul Hart. The nomination committee comprises Roger Phillips (as chairman) and Paul Tierney, Jr. Since the Directors are all non-executive directors, the Company does not currently intend to establish a remuneration committee. The remuneration of the non-executive directors will be set by the Board, subject to the limits contained in the Articles. No Director of the Company may participate in any meeting at which discussion or any decision regarding his own remuneration takes place.

The audit committee will determine the terms of engagement of the Auditors and will determine, in consultation with the Auditors, the scope of the audit. The audit committee will receive and review reports from management and the Auditors relating to the interim and annual accounts and the accounting and internal control systems in the Company. The audit committee will have unrestricted access to and oversee the relationship with the Auditors.

The nomination committee will review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes which may be required. The nomination committee will be responsible for identifying and nominating candidates to fill Board vacancies when they arise for the approval of the Board.

The Board intends to comply with Rule 21 of the AIM Rules relating to directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees (if any). The Board has adopted a share dealing code, based on the "Model Code" on directors' dealings in securities set out in annex I to the United Kingdom Listing Authority's rule 9.2, for this purpose.

11. General

The Directors accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

KPMG Audit Plc has given and has not withdrawn its written consent to the inclusion of references to it in this document in the form and context in which they appear and to the inclusion of its report in this document and accepts responsibility for its report for the purposes of paragraph 1.2 of Annex I of the Prospectus Rules as incorporated into Schedule Two of the AIM Rules.

Meritum has given and not withdrawn its written consent to the inclusion of references to it in this document in the form and context in which they appear.

Centenium has given and not withdrawn its written consent to the inclusion of references to it in this document in the form and context in which they appear.

The Ordinary Shares have ISIN number GB00B1D5SN78.

Mattias Westman and the Directors have agreed, pursuant to AIM Rule 7, not to dispose of any interests in their Ordinary Shares for the period of one year from the date of Admission.

The Manager is or may be a promoter of the Company. Save as disclosed in this Part 5, no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and is intended to be paid, or given.

The costs and expenses (including value added tax where relevant) of, and incidental to, the Placing payable by the Company should not exceed US$4.7 million. On the basis that 250,000,000 Ordinary Shares are issued (or, as will be the case for the two subscriber Ordinary Shares, made available) under the Placing, the estimated net proceeds are expected to be US$245,300,000 and will be applied as described in Section 6 of Part 1 of this document, headed ''Admission and Placing''. The maximum number of Ordinary Shares available under the Placing should not be taken as an indication of the number of Placing Shares finally to be issued.

The Company does not own any premises and does not lease any premises.

The Company will not take legal or management control of investments in its portfolio.

No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the date of this document or has entered into any contractual arrangements not otherwise disclosed in this document to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more or securities in the Company having a value of £10,000 or more calculated by reference to the issue price or any other benefit with a value of £10,000 or more at the date of Admission, in each case using current exchange rates in the case of amounts denominated in a currency other than Sterling.

Where information has been sourced from a third party, such information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Save as disclosed in this document, the Directors are not entitled to any other benefits on termination of office.

Save as disclosed in this document, there are no patents, intellectual property rights, licences or any industrial, commercial or financial contracts or new manufacturing processes which are or may be material to the business or profitability of the Company.

There are no governmental, legal or arbitration proceedings which currently affect (or, so far as the Directors are aware, which are pending or threatened against) the Company.

The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets.

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 31 August 2006, being the date of incorporation of the Company.

12. City Code on Takeovers and Mergers

The City Code does not currently have the force of law in relation to AIM listed entities, since these are not covered by the EU Directive on Takeover Bids (224/25/EC). Although it will do so in the UK when the Company Law Reform Bill is implemented (currently expected to be in 2007), Guernsey has no current plans to adopt statutory provisions equivalent to the Takeover Directive. However the UK government and other

UK regulatory authorities expect that those who seek to list securities in the UK (including on the AIM market) should conduct themselves in matters relating to takeovers in accordance with the City Code.

The City Code is issued and administered by the Panel. It applies to all takeover and merger transactions however effected where the offeree company is, *inter alia*, a listed or unlisted public company considered by the Panel to be resident in the UK, the Isle of Man or the Channel Islands and certain categories of private limited companies and the Company will be subject to the City Code.

Under Rule 9 of the City Code, any person who acquires an interest in shares which (taken together with shares in which persons acting in concert with that person are interested), carry 30% or more of the voting rights of a company, or any person who, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30% but not more than 50% of the voting rights of a company and acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, is normally required by the Panel to make a general offer to shareholders of that company to acquire their shares. An offer under Rule 9 must be in cash (or be accompanied by a cash alternative) at not less than the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

13. Money Laundering

In order to ensure compliance with the Guernsey Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations, 2002 and the UK Money Laundering Regulations 1993, the Administrator may at its absolute discretion require, and each applicant for Ordinary Shares will provide, evidence which is satisfactory to it to establish the applicant's identity or that of any person on whose behalf each applicant is acting and/or the applicant's status. Without prejudice to the generality of the foregoing, such evidence may be required if the applicant either:

(i) tenders payment by way of bankers' draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of the applicant's identity may be required); or

(ii) appears to the Administrator to be acting on behalf of some other person (in which case verification of identify of any persons on whose behalf the applicant appears to be acting may be required).

Failure to provide the necessary evidence of identity may result in an application being rejected or delays in the despatch of documents.

Without prejudice to the generality of the foregoing, verification of the identity of applicants may be required if the total price of the Ordinary Shares applied for, whether in one or more applications, exceeds €15,000 (or equivalent). If, in such circumstances, an applicant uses a building society cheque, bankers' draft or money order, the applicant should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, bankers' draft or money order, and adds its stamp. If, in such circumstances, the applicant uses a cheque drawn by a third party, the applicant may be requested to provide a copy of its passport or driving licence certified by a solicitor, or a recent original bank or building society statement or utility bill in the applicant's name and showing the applicant's current address (which originals will be returned by post at the applicant's risk).

14. The Data Protection (Bailiwick of Guernsey) Law 2001

Pursuant to the Data Protection (Bailiwick of Guernsey) Law 2001, (the "DP Law") the Company and/or the Administrator may hold personal data (as defined in the DP Law) relating to past and present shareholders.

Such personal data held is used by the Administrator to maintain the Company's register of shareholders and mailing lists and this may include sharing such data with third parties when (i) effecting the payment of dividends and repurchase proceeds to shareholders and (ii) filing returns of shareholders and their respective transactions with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

By becoming registered as a holder of shares in the Company, a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or the Administrator or any personal data relating to him or her in the manner described above.

15. Availability of Admission Document

Copies of this document may be obtained during normal business hours until the Placing closes from either of the following:

(i) Prosperity Voskhod Fund Limited at Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 3BG, Channel Islands; or

(ii) KPMG Corporate Finance at 8 Salisbury Square, London EC4Y 8BB.

16. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Debevoise & Plimpton LLP, Tower 42, Old Broad Street, London EC2N 1HQ during normal business hours on any week day (Saturdays and public holidays excepted) from the date of this document until a date one month following Admission:

(i) the Memorandum and Articles;

(ii) the Management Agreement;

(iii) the Advisory Agreement;

(iv) the Sub-Administration Agreement;

(v) the Custody Agreement;

(vi) the Registrar Agreement;

(vii) the Administration Agreement;

(viii) the Placing Letter;

(ix) the Placing Agreement;

(x) the US Subscription Letter;

(xi) the US Private Placement Agreement;

(xii) the Companies Laws, under which the Company was incorporated;

(xiii) the report produced by KPMG set out at Part 3 of this document; and

(xiv) this document.

Copies of the books of account of the Company and all the documents listed above will be kept at the registered office of the Administrator and may be inspected during normal business hours at the office of the Administrator.

Dated 4 October 2006

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