



Impax Asian Environmental Markets plc

PROSPECTUS 2009

Placing and Offer for Subscription of
Ordinary Shares and Bonus Issue of
Subscription Shares



Manager

IMPAX
ASSET MANAGEMENT LTD

Sponsor

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Independent thinking

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This document comprises a prospectus relating to Impax Asian Environmental Markets plc prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 in order to make an offer of transferable securities to the public and to admit the transferable securities to trading on the Main Market of the London Stock Exchange. This document has been approved by and filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules. This document and the information herein relates expressly to the Ordinary Shares and the Subscription Shares now being issued and the Ordinary Shares issued on exercise of the Subscription Shares.

Collins Stewart Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as sponsor to Impax Asian Environmental Markets plc and is acting for no-one else in connection with the Placing, Offer for Subscription and the contents of this document, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Collins Stewart Europe Limited nor for providing advice in connection with the Placing, Offer for Subscription and the contents of this document or any other matter referred to herein. Collins Stewart Europe Limited is not responsible for the contents of this document. This does not exclude or limit any responsibilities which Collins Stewart Europe Limited may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

Applications have been made to the UK Listing Authority for the Ordinary Shares now being offered and the Subscription Shares to be admitted to the Official List, and to the London Stock Exchange for the Ordinary Shares and the Subscription Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that admission of the Ordinary Shares and the Subscription Shares will become effective and dealings in those shares will commence on the Main Market of the London Stock Exchange on 23 October 2009.

IMPAX ASIAN ENVIRONMENTAL MARKETS plc

(incorporated in England and Wales under the Companies Act 1985 with registered no. 07016550 and registered as an investment company under section 833 of the Companies Act 2006)

Issue of up to 200 million Ordinary Shares pursuant to a Placing and an Offer for Subscription at an Issue Price of 100p per Ordinary Share and Bonus Issue of one Subscription Share for every five Ordinary Shares

Sponsor and Lead Bookrunner

Collins Stewart Europe Limited

Placing Agent

Kepler Partners LLP

Investment Manager

Impax Asset Management Limited

Persons receiving a copy of this document are directed to the section headed "Risk Factors" on pages 7 to 12 of this document which sets out the principal risk factors associated with an investment in the Company.

This document should be read in its entirety before making any application for Ordinary Shares. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the memorandum and articles of association of the Company.

The procedure for application by new investors to participate in the Offer for Subscription is set out in the Application Form at the end of this document. To be valid, Application Forms must be completed and returned with the appropriate remittance so as to reach the Receiving Agent, Capita Registrars Limited, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event no later than 11 a.m. on 15 October 2009.

The Company has not been and will not be registered under the United States Investment Company Act 1940, as amended. None of the Ordinary Shares or Subscription Shares have been or will be registered under the United States Securities Act 1933, as amended, or the relevant securities laws of any state of the United States, or under any other relevant securities laws of Canada, Japan, the Republic of South Africa or Australia, and, accordingly, the Placing and Offer for Subscription is not being made and none of the Ordinary Shares or Subscription Shares may be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States, Canada, Japan, the Republic of South Africa or Australia. The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company that would permit an offer of the Ordinary Shares and the Subscription Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The information contained in this document has been prepared solely for the purpose of the Placing and Offer for Subscription and Admission of the Ordinary Shares and Subscription Shares and is not intended to be relied upon by any subsequent purchasers of the Ordinary Shares or the Subscription Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

8 October 2009

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SUMMARY

This summary should be read as an introduction to this document. Any investment decision relating to the Issue should be based on consideration of the full text of this document as a whole. If you bring a claim relating to the information contained in this document before a Court you might under the national legislation of the EEA States have to bear the costs of translating this document before the legal proceedings are initiated.

Civil liability attaches to those persons who are responsible for this summary including any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document.

1. Introduction

The Company is a new investment trust which will have Ordinary Shares and Subscription Shares denominated in sterling admitted to the Official List and to trading on the Main Market of the London Stock Exchange.

The Company is proposing to raise up to £200 million before expenses by a Placing and Offer for Subscription of Ordinary Shares. One bonus Subscription Share will be issued for every five Ordinary Shares subscribed for in the Placing or in the Offer for Subscription, each of which will carry the right to subscribe for one Ordinary Share at 100 pence per share (subject to adjustment) on any business day between 1 November 2009 and 31 October 2014 inclusive.

The Net Asset Value of an Ordinary Share immediately following Admission will be 98p.

The Issue will not proceed unless the aggregate subscriptions received are at least £50 million or such lesser amount as the Company and Collins Stewart may agree.

2. Summary Investment Objective and Policy

The Company's investment objective is to generate long term capital growth from rapid and sustained growth anticipated by the Directors in the markets for cleaner or more efficient delivery of basic services such as energy, water and waste in certain countries in the Asia Pacific Region. These countries are predominantly China, Hong Kong, Taiwan, Japan, South Korea, India, Australia, New Zealand, Singapore, Malaysia, the Philippines and Thailand.

The Investment Policy is to invest in quoted companies that conduct their business in the Asia Pacific Region and that provide, supply, utilise, implement or advise upon technology-based systems, products or services in the Asia Pacific Region, particularly those of water treatment and pollution control, waste technology and resource management, and utilise alternative and efficient energy sources.

The full Investment Policy is set out in Part II of this document.

3. Investment Opportunity

The Manager has identified approximately 340 quoted companies that have at least twenty per cent. of their activities in Environmental Markets and that are based in the Asia Pacific Region. As at 7 October 2009, these companies had an aggregate market capitalisation of US\$ 687 billion (approximately £431 billion as at the date of this document). 17 per cent. of this total by market capitalisation comprises companies in the renewable energy sector, 38 per cent. in the energy efficiency sector, 12 per cent. in the water treatment and pollution control sector and the remaining 32 per cent. in the waste technologies and resource management sector.

4. Investment Manager

The Company's investment manager is Impax Asset Management Limited. The Manager is a subsidiary of Impax Group plc, the shares of which are quoted on the AIM market of the London Stock Exchange.

The Manager provides fund management and advisory services within the Environmental Markets sector, particularly alternative energy, waste management and water treatment. The Manager has specific expertise in managing portfolios of listed stocks and private equity in the Environmental Markets sector.

The Manager commenced advisory and non-discretionary investment management in 1998 and discretionary investment management in 2001. As at 30 September 2009, it was asset manager or investment adviser in respect of approximately £1,250 million for institutional and private investors across a range of funds.

5. Investment Adviser

The Manager has appointed Ajia Partners Asset Management (HK) Limited as its investment adviser to assist it with research on stocks that are eligible for the Company's portfolio. Ajia focuses on asset management and has approximately 100 employees in Asia. It provides fund management and advisory services from its base in Hong Kong, as well as from its other offices in Beijing, Seoul and Tokyo. As at 31 August 2009, Ajia had assets under management or advisory contracts of approximately £1,200 million for institutional and private investors across a range of funds. Ajia has worked with the Manager and formed an integral part of its investment process in identifying and researching stocks traded on the main markets of the Asia Pacific Region for other Impax-managed funds since August 2007.

6. Investment Drivers and Outlook

The Directors believe that Asia Pacific Environmental Companies are well positioned to supply rapidly expanding demand for environmental products and services in the Asia Pacific Region as well as in other regions of the world, and expect that an actively managed portfolio of Asia Pacific Environmental Companies will out-perform both global equities and also the basket of general equities in the Asia Pacific Region over the medium to long term.

Expanding populations and rising standards of living worldwide are placing increasing and unsustainable pressure on finite natural resources and weak infrastructure, and producing pollution that, in many places, is damaging human health and reducing the value of economic goods. In 2008, the size of the global market for environmental products and services was in excess of US\$500 billion. This market is anticipated to expand at a compound annual growth rate of between 12 per cent. and 15 per cent. over the next three to five years.

When compared to their counterparts in Europe and North America, many Asia Pacific Environmental Companies have a distinct competitive advantage in seeking to satisfy demand in environmental markets outside of the Asia Pacific Region. In particular, these companies can often benefit from cheaper labour costs, and thereby operate with a relatively low capital intensity. For example, during 2008, the cost of manufacturing solar cells (excluding the cost of silicon) was typically US\$0.30 per watt peak in China and in excess of US\$0.60 per watt peak in Europe.

The board expect that the market for environmental goods and services in the Asia Pacific Region will grow rapidly. The region is home to almost half the world's population, which is becoming increasingly urbanised and, in many areas, is expecting standards of living to continue to improve. Many countries in the Asia Pacific Region have relatively scarce natural resources, particularly clean water, oil and natural gas, and are experiencing significant environmental damage, particularly in air and water quality within industrialised areas. Furthermore, in many parts of the Asia Pacific Region, there is limited infrastructure to supply clean water and to dispose of waste in a manner that does not cause pollution.

Underpinned by environmental legislation, many markets for environmental products and services are large and expected to grow rapidly. For example, the Asia Pacific market for renewable power generation equipment in 2008 was estimated as US\$23 billion and is expected to grow at a compound annual rate of approximately 20 per cent. over the next three years, while the Asia Pacific market for products and services in the water sector in 2008 was estimated to be US\$ 55 billion and is expected to grow at a compound annual rate of approximately 11 per cent. over the next three years.

7. The Directors

The Board comprises Allan McKenzie (Chairman), Simon Atiyah, Alan Barber and Terence Mahony.

8. Gearing

In the normal course of events, and subject to Board oversight, the Company may borrow up to 10 per cent. of Net Asset Value in order to enhance returns when the Manager expects markets to rise. Any borrowings in excess of 10 per cent. of Net Asset Value will require the separate and prior authorisation of the Directors. Borrowings by the Company may not in any event exceed 20 per cent. of the Company's adjusted capital and reserves as defined in the Articles without the approval of Shareholders in general meeting.

9. Dividend policy

The primary objective of the Company is capital growth and the Directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income. It is expected that the Company will allocate 80 per cent. of the Management Fee to capital. As a result, the Company is expected to pay a small annual dividend to holders of Ordinary Shares. Dividends will depend on the amount and timing of income that the Company receives on its investments and, accordingly, the amount of dividends payable by the Company may fluctuate.

10. Continuation Vote

The Company will not have a fixed life. However, the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company on a regular basis. Accordingly, at the annual general meeting of the Company in 2015 and at every third annual general meeting thereafter, the Directors will propose an ordinary resolution for the continuation of the Company in its current form. If such resolution is not passed, the Directors will formulate proposals to be put to Shareholders to reorganise or reconstruct the Company or for the Company to be wound up.

11. Repurchase of Shares

The Company will have power to buy back up to 14.99 per cent. of the Ordinary Shares and 14.99 per cent. of the Subscription Shares in issue. Shares will only be bought back at the discretion of the Directors when they consider the market conditions to be appropriate and in accordance with the Listing Rules. They will only be bought back at prices that are accretive to Net Asset Value.

12. Summary Risk Factors

The principal material risk factors that are known to the Directors are those set out below. If any or a combination of these risks occurs, the financial condition, prospects and price of the Company's Shares could be materially or adversely affected. Each risk factor should therefore be read carefully. They are not set out in any order of importance or priority.

- There can be no guarantee that the investment objective of the Company will be met.
- The value of an investment in the Company, and any income derived from it, may fluctuate and can go down as well as up. There can be no guarantee that the value of the Company's investments will increase and investors may not get back the full value of their investment.
- The Company's investments will generally be traded on the main markets in the Asia Pacific Region and a significant fall and/or a prolonged period of decline in these markets would adversely impact the performance of the Company. This could be triggered by unfavourable developments or events within or outside of the Asia Pacific Region. Poor performance or underperformance may also result from the Manager's country and/or stock selection or the market rating of the Company not reflecting good corporate performance.
- Investors should be aware that certain countries in the Asia Pacific Region are subject to rapid change, the information set out in this document may therefore become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is

appropriate. Generally, this investment is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Investors are urged to consult with their own legal and financial advisers before making an investment in the Company.

- On each occasion that the Subscription Share Rights are exercised this will dilute the Ordinary Shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares.
- The Company invests in securities that are not denominated or quoted in sterling, the base currency of the Company. The movement of exchange rates between sterling and any other currencies in which the Company's investments are denominated or its borrowings drawn down may have an unfavourable or favourable effect on the return otherwise experienced in the investments made by the Company. The Company will not normally hedge against foreign currency movements affecting the value of its investments, but the Manager will take account of this risk when making investment decisions.
- The Company may invest in equity linked notes or other derivatives providing economic exposure to underlying shares or securities when it is considered to be in the best interests of the Company or is impracticable to invest directly in those shares or securities. The Company will be exposed to risk of loss in the event of default or insolvency of any counter-party to any derivative used by the Company.
- The Company may also use derivatives to protect value in the portfolio and reduce costs. There may not be a price correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investment that are the subject of the hedge, on the other hand. In addition, an active market may not exist for a particular derivative instrument at any particular time.
- The Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable as well as favourable, in the market price of the Subscription Shares. Any Subscription Shares not exercised on or before the Final Subscription Date will lapse without any payment being made to the holders of such Subscription Shares unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would be allotted on the exercise of such Subscription Shares after deduction of all the costs and expenses of sale would exceed the costs of subscription.
- The market prices of the Ordinary Shares and the Subscription Shares will be determined by supply and demand in the stock market for those shares. The market prices of the Ordinary Shares and the Subscription Shares will fluctuate and the market price of Ordinary Shares may not fully reflect the Net Asset Value per Ordinary Share.
- The Company's success depends to a significant extent upon the Manager and the Investment Adviser. The loss or unavailability (whether temporary or permanent) of the services of any director, member of the investment committee or senior management team, or other key personnel of the Manager, or the Investment Adviser, could have a material adverse effect on the business, financial condition or results of operations of the Company.
- Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Information in this document concerning the taxation of investors is based upon current tax law and practice that are subject to change.

Although it is intended that the Company will be managed so as to qualify as an investment trust and retain such status, there is no guarantee that such status will be maintained. If the Company fails to meet the requirements for approval as an investment trust, it will lose exemption in relation to corporation tax on capital gains made by the Company.

RISK FACTORS

The Directors consider the matters set out below to be those which potential investors should consider as the key risks specific to an investment in the Ordinary Shares and the Subscription Shares being all material and known risks in relation to the Company and the Environmental Markets sector in the Asia Pacific Region. Additional risks and uncertainties not currently known to the Company, or that the Company deems to be immaterial, may also have an adverse effect on its business. Prospective investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing.

General

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment (which may be equal to the whole amount invested). Such an investment should be seen as long-term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.

In the event of a winding up of the Company, the Ordinary Shares and the Subscription Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

The value of an investment in the Company, and any income derived from it, may fluctuate and can go down as well as up. There can be no guarantee that the value of the Company's investments will increase and investors may not get back the full value of their investment.

Ordinary Shares

The share price of the Ordinary Shares is likely to fluctuate and may represent a discount or a premium to the NAV per Ordinary Share. This discount or premium is itself variable as conditions for supply and demand for the Company's Ordinary Shares change. This can mean that the Ordinary Share price can fall when the NAV rises and vice versa.

The market price of the Ordinary Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the Ordinary Shares and the price at which the Ordinary Shares can be sold, there is no guarantee that the realisable value of the Ordinary Shares will reflect their published market price.

The market price of the Ordinary Shares may reflect the actual or potential impact of any dilution at a time when the NAV per Ordinary Share is greater than the Subscription Price and the exercise of any subscription rights conferred by the Subscription Shares would cause the NAV per Share to be diluted.

The bonus issue of the Subscription Shares ("Bonus Issue") will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital is under option immediately following the bonus issue. On each occasion that the Subscription Share Rights are exercised this will dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares that are converted on each occasion and the difference between the applicable Subscription Prices and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

If an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of holders of Subscription Shares) holders of Subscription Shares will be entitled to receive part of the Company's surplus assets which if there had been no Subscription Shares would have been paid solely to holders of Ordinary Shares.

Subscription Shares

The market price and the realisable value of the Subscription Shares, as well as being affected by the value of the underlying Ordinary Shares will also take into account supply and demand for the Subscription Shares, market conditions and general investor sentiment.

The published market price of the Subscription Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the Subscription Shares and the price at which the Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.

The Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable as well as favourable, in the market price of the Subscription Shares. The intrinsic value of a Subscription Share at any time will be the prevailing market price of an Ordinary Share less the Subscription Price payable per Subscription Share and, as such, it is expected to rise or fall depending on whether the price of an Ordinary Share rises or falls. The market price of a Subscription Share may be higher or lower than the intrinsic value price of a Subscription Share, reflecting the potential geared returns available from an investment in the Subscription Shares. The market price of the Subscription Shares will be determined by market forces and there is no guarantee that they will have a market value.

Any Subscription Shares not exercised on or before the Final Subscription Date will lapse without any payment being made to the holders of such Subscription Shares unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would be allotted on the exercise of such Subscription Shares after deduction of all the costs and expenses of sale would exceed the costs of subscription.

Risk factors relating to the Asia Pacific Region

Investors in emerging economies should be aware that certain countries in the Asia Pacific Region are subject to rapid change and that the information set out in this document may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Investors are urged to consult with their own legal and financial advisers before making an investment. In particular, in certain countries in which the Company is proposing to invest:

- (a) liquidity and settlement risks may be greater than in Western Europe and the United States;
- (b) accounting standards may not provide the same degree of shareholder protection as would generally apply internationally;
- (c) national policies may restrict the investment opportunities available to foreign investors, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests;
- (d) the fiscal and monetary systems remain relatively undeveloped and this may affect the stability of the economic and financial markets of these countries;
- (e) substantial limitations may exist with respect to the Company's ability to repatriate investment income, capital or the proceeds of sales of securities;
- (f) brokerage commissions, custody fees and taxes may be higher than in Western Europe or the United States;

- (g) assets may be subject to increased political and/or regulatory risk;
- (h) the economic and legal structures in place may be less diverse and mature, and political and regulatory systems may be less stable, than those of more developed countries;
- (i) macroeconomic performance of certain countries in the Asia Pacific Region may expose investments in those economies to greater risks including output losses taxation, interest rate and monetary instability caused by, for example, banking failures, which impact certain countries in the Asia Pacific Region more than developed countries in Western Europe and the United States;
- (j) corporate governance procedures in certain countries in the Asia Pacific Region may be less extensive or not applied as rigorously due to the associated costs or business customs of a country; and
- (k) social and religious instability, crime and corruption may adversely affect performance.

While the Manager will take these factors into consideration in making investment decisions, there can be no assurance that the Company will be able to avoid these risks.

The Company's portfolio will comprise investments in Asia Pacific Environmental Market Companies. Most of the companies in which the Company will invest will be located in and conduct their business in the Asia Pacific Region. Accordingly, performance of the Company's investments and the results of its operations are substantially dependent on the economic and political conditions prevailing in the Asia Pacific Region. Certain countries in the Asia Pacific Region have less liquid and developed securities markets than the United States and Western Europe. Given that some of the organised securities markets in the Asia Pacific Region have been established relatively recently, the procedures for settlement, clearing and registration of securities transactions may be subject to legal uncertainties, technical difficulties and delays. Investing in industries in the Asia Pacific Region carries some particular risks:

- governmental liberalisation of basic services and increased environmental legislation market companies may not occur or may not occur at the rate or in the ways anticipated.
- the costs of technology in environmental markets may not continue to fall or may not maintain price competitiveness.
- the performance of investments in Asia Pacific Environmental Market Companies are likely to be adversely affected if industrial and utility capital spending by their customers were to decrease or be deferred in turn affecting energy prices.
- The Company's portfolio may include newly established companies and companies whose future is dependent on widespread adoption of their products and services.
- The Company's investments will be traded on the main markets in the Asia Pacific Region and a significant fall and/or a prolonged period of decline in these markets would adversely impact the performance of the Company. This could be triggered by unfavourable developments or events within or outside of the Asia Pacific Region. Poor performance or underperformance may also result from the Manager's country and/or stock selection or the market rating of the Company not reflecting good performance.

Furthermore, the performance of some companies in the Asia Pacific Region in which the Company invests may be adversely affected by changes in applicable law and regulation.

Although significant developments have occurred in recent years, the sophisticated legal and regulatory frameworks necessary for the efficient functioning of modern capital markets have yet to be fully developed in some countries in the Asia Pacific Region. In particular, legal protections against market manipulation and insider trading are less well-developed in some countries in the Asia Pacific Region, and less strictly enforced, than in the United States and Western European countries and existing laws and regulations may be applied inconsistently with consequent irregularities in enforcement. In addition, less information relating to the proposed target entities and certain of the Investments may be publicly available to investors in securities issued or guaranteed by such entities than is available to investors in entities organised in the United States or Western European countries.

Equities that are listed on the main markets in the Asia Pacific Region may be less liquid and may carry a higher risk than an investment in shares listed on markets in the United States and Western Europe.

Regional Considerations

Countries in the Asia Pacific Region depend on neighbouring states to access world markets for a number of its major imports, including oil, natural gas, steel, copper, ferro-alloys, iron ore, aluminium, coal, lead, zinc and wheat. Countries in the Asia Pacific Region are therefore dependent upon good relations with their neighbours to ensure their ability to access imports and have taken various steps to promote regional economic integration among neighbouring countries. However, should access to import routes be materially impaired, this could adversely impact the economies of the Asia Pacific Region. Moreover, adverse economic factors in the regional markets may adversely impact the economies of some or all countries in the Asia Pacific Region.

Oil Price

One of the sectors in which the Company invests is companies focused on alternative energy and energy efficiency. The performance and value of some or all of such companies are affected by the price of oil and gas. The price of oil and gas has fluctuated widely in recent years and may continue to do so. Lower oil and gas prices may adversely affect the performance and value of some companies in which the Company has invested.

Portfolio

The Company may invest in companies with a small market capitalisation. Such investments are likely to be subject to higher valuation uncertainties and liquidity risks than larger capitalisation securities. The Company's portfolio is likely to have a higher volatility than main equity indices such as the FTSE 100 Index. Securities in some of the investee companies may be illiquid. Valuations of Asia Pacific Environmental Market Companies may remain at current levels or may fall.

Price movements of the Company's investments are likely to be correlated to performance of global equities in general and small and mid cap equities in particular. Consequently falls in stock markets are likely to negatively affect the performance of the Company's investments.

The Company may invest in companies whose turnover, profits and capital resources are derived from activities largely unrelated to Environmental Markets. Such companies are likely to be subject to different risks and uncertainties than those companies whose activities are based solely or predominantly in Environmental Markets. The value of such investments are also more likely to be affected by matters unrelated to Environmental Markets.

Investment Objective

There is no guarantee that the investment objective as described on page 15 of this document will be achieved or provide the returns sought by the Company. The Net Proceeds will be invested as soon as is reasonably practicable after their receipt by the Company, but the number, quality and size of investment opportunities may lead to delays in fully investing the Net Proceeds.

Discount

The market prices of the Ordinary Shares and the Subscription Shares will be determined by supply and demand in the stock market for those shares. The market prices of the Ordinary Shares and the Subscription Shares will fluctuate and the market price of Ordinary Shares may not fully reflect the Net Asset Value per Ordinary Share.

Dividends

The primary objective of the Company is capital growth and the Directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income. It is expected that the Company will allocate 80 per cent. of the Management Fee to capital, resulting in the Company paying a small annual dividend to holders of Ordinary Shares. Dividends will depend on the amount and timing of income, which the Company receives on its investments and, accordingly, the amount of dividends payable by the Company may fluctuate.

Gearing

In the normal course of events, and subject to Board oversight, the Company may borrow up to 10 per cent. of Net Asset Value in order to enhance returns when the Manager expects markets to rise. Any borrowings in excess of 10 per cent. of Net Asset Value will require the separate and prior authorisation of the Directors. Borrowings by the Company may not in any event exceed 20 per cent. of the Company's adjusted capital and reserves as defined in the Articles without the approval of shareholders in general meeting. Potential investors should be aware of the implications of any such gearing. Due to the gearing effect of any such borrowings, Shareholders would, to an exaggerated extent, suffer from any underperformance of the Company's assets compared to the cost of any borrowing (both in terms of Net Asset Value and market price depreciation) and conversely would benefit from any out-performance relative to any borrowing cost.

Reliance on and availability of the Manager, the Investment Adviser and their key personnel

The Company's success depends to a significant extent upon the Manager and the Investment Adviser. The loss or unavailability (whether temporary or permanent) of the services of any director, member of the investment committee or senior management team, or other key personnel of the Manager, or the Investment Adviser, could have a material adverse effect on the business, financial condition or results of operations of the Company.

Potential conflicts of interest

The Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, it currently provides, and may continue to provide, investment management, investment advice and other services in relation to a number of companies, funds or accounts that may have similar investment objectives and/or policies to that of the Company and may receive ad valorem and/or performance-related fees for doing so.

As a result, the Manager may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients. The Manager may give advice or take action with respect to such clients that differs from the advice given or actions taken with respect to the Company. In the event of a conflict arising, the Manager will take reasonable steps to ensure fair treatment for the Company in accordance with the FSA's Conduct of Business Sourcebook.

Tax and Accounting

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Information in this document concerning the taxation of investors is based upon current tax law and practice that are subject to change.

Although it is intended that the Company will be managed so as to qualify as an investment trust and retain such status, there is no guarantee that such status will be maintained. If the Company fails to meet the requirements for approval as an investment trust, it will lose exemption in relation to corporation tax on capital gains made by the Company.

Foreign Currency Risk

The Company invests in securities that are not denominated or quoted in sterling, the base currency of the Company. The Net Asset Value per Ordinary Share will be reported in sterling and dividends will be declared and paid in sterling. The movement of exchange rates between sterling and any other currencies in which the Company's investments are denominated or its borrowings drawn down may have an unfavourable or favourable effect on the return otherwise experienced in the investments made by the Company. The Company will not normally hedge against foreign currency movements affecting the value of its investments, but the Manager will take account of this risk when making investment decisions.

Derivatives

The Company may invest in equity linked notes including Participatory Notes, or other derivatives providing economic exposure to underlying shares or securities, when it is considered to be in the best interests of the Company or impracticable to invest directly in those shares or securities. The Company will be exposed to risk of loss in the event of default or insolvency of any counter-party to any derivative used by the Company. The Company may also use derivatives to protect value in the portfolio, reduce costs and for efficient portfolio management. There may not be a price correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investment that are the subject of such hedges, on the other hand. In addition, an active market may not exist for a particular derivative instrument at any particular time.

Exchange controls and withholding tax

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on its investments and the capital value of the affected investments and, potentially, to delay, restrict or limit the Company's ability to repatriate income and/or sales proceeds from investments.

Economic Conditions

Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, the law, regulations, political and diplomatic events and trends, tax laws, accounting practices and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.

EXPECTED TIMETABLE

Each of the times and dates set out below and mentioned elsewhere in this document may be adjusted by the Company, in which event details of the new times and dates will be notified to the FSA and the London Stock Exchange. References to a time of day are to London time.

Latest time and date for receipt of completed application forms and payment in full under the Offer for Subscription	11.00 a.m. 15 October 2009
Close of Placing	noon 20 October 2009
Admission and commencement of dealings in Ordinary Shares and Subscription Shares	23 October 2009
Expected date for crediting of Ordinary Shares and Subscription Shares to CREST accounts in uncertificated form	23 October 2009
Expected date of despatch of definitive share certificates for Ordinary Shares and Subscription Shares in certificated form	Week commencing 26 October 2009

If you have any queries on the procedures for application under the Offer for Subscription, you should contact Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

ISSUE STATISTICS

Issue Price	100p
Number of Ordinary Shares in issue following the Issue	up to 200 million
Number of Subscription Shares in issue following the Issue	up to 40 million
Net Proceeds of the Issue ¹	£196 million
Initial Net Asset Value per Ordinary Share	98p
ISIN number of the Ordinary Shares	GB00B4M5KX38
ISIN number of the Subscription Shares	GB00B4M82P85

Note:

¹ This assumes that the maximum number of 200 million Ordinary Shares is issued pursuant to the Issue.

DIRECTORS AND ADVISERS

Directors	Allan McKenzie (<i>Chairman</i>) Simon Atiyah Alan Barber Terence Mahony all of: 145-157 St. John Street London EC1V 4RU
Manager	Impax Asset Management Limited Mezzanine Floor Pegasus House 37 – 43 Sackville Street London W1S 3EH
Investment Adviser	Ajia Partners Asset Management (HK) Limited 78th Floor, The Center 99 Queen’s Road Central Hong Kong
Administrator, Company Secretary and Registered Office	Cavendish Administration Limited 145-157 St John Street London EC1V 4RU
Sponsor and Lead Bookrunner	Collins Stewart Europe Limited 88 Wood Street London EC2V 7QR
Placing Agent	Kepler Partners LLP 30 St James’s Street London SW1A 1HB
Solicitors to the Company	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD
Solicitors to Collins Stewart	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
Auditors and Reporting Accountants	Ernst & Young LLP 1 More London Place London SE1 2AF
Custodian	BNP Paribas Securities Services BNP Paribas London Branch 10 Harewood Avenue London NW1 6AA
Registrar	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving Agent	Capita Registrars Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART I
INFORMATION RELATING TO THE COMPANY

Introduction

The Company is a new investment trust that has been formed to take advantage of opportunities in the main markets of the Asia Pacific Region.

Investment Policy

Investment Objective

The Company's investment objective is to generate long-term capital growth through investment in a diverse portfolio of companies in the markets for cleaner or more efficient delivery of basic services of energy, water and waste in the Asia Pacific Region. To be eligible for investment, such companies must have at least 20 per cent. of their turnover, profits or invested capital in these markets. The proceeds of the Issue will be used for investing in such companies.

The Company's Portfolio

There are no minimum or maximum limits on the number of investments in the portfolio but it is expected that the initial portfolio will comprise shares and securities in 30 to 60 Asia Pacific Environmental Companies. The Net Proceeds of the Issue will be invested as appropriate investment opportunities arise. The Directors currently expect the Net Proceeds to be substantially invested within two months of Admission.

The Company's investments will be in a variety of currencies. The Directors do not intend to hedge any of the Company's currency exposure. The Board do not currently intend to enter into hedging transactions with a view to protecting the sterling value of the Company's investments against currency movements.

The Company intends to be fully invested during normal market conditions but may hold up to 20 per cent. of NAV in cash on deposit or in short term money market instruments (including gilts and treasury bills) during periods when the Manager believes markets are overvalued and expects them to fall.

Gearing

In the normal course of events, and subject to Board oversight, the Company may borrow up to 10 per cent. of Net Asset Value (as determined at the time of borrowing) in order to enhance returns when the Manager expects markets to rise. Any borrowings in excess of 10 per cent. of Net Asset Value (as determined at the time of borrowing) will require the separate and prior authorisation of the Board. Borrowings by the Company may not in any event exceed 20 per cent. of the Company's adjusted share capital and reserves as defined in the Articles without the approval of shareholders in general meeting.

Derivatives

The Company may invest in equity linked notes or other derivatives providing economic exposure to underlying shares or securities when it is considered to be impracticable or not in the best interests of the Company to invest directly in those shares or securities. In particular the Board expects the Company's initial investments to include Participatory Notes in order to gain economic exposure to shares and securities in the Indian and Chinese "A" stock markets. Participatory Notes are equity-linked notes issued by a third party broker, typically with a three-year duration and denominated in US dollars, providing long-only exposure to underlying securities and being cleared through Euroclear and marked to market on a daily basis.

Other than equity linked notes or other derivatives providing long-only exposure to underlying securities, the Company will only enter into derivative transactions for the purposes of efficient portfolio management with prior Board approval.

Investment restrictions

The Company seeks to manage risk through various investment limits and restrictions:

- Income will be principally derived from securities. Neither the Company nor any subsidiary that the Company may acquire will, to a significant extent, be a dealer in investments nor will it conduct a trading activity which is significant in the context of the Group as a whole;
- The Company will not normally take legal or management control of investments in its portfolio. The Company will not ordinarily seek to control, or be actively involved in the management of, any companies or businesses in which it invests however, in the event that any such company is under-performing or requires intervention and in circumstances when such action would be in the best interests of the Shareholders, the Company may elect to become involved in the management of the company;
- Dividends will not be paid unless they are covered by income received from underlying investments and, for this purpose, a share of profit of an associated company is unavailable unless and until distributed to the Company;
- Not more than 10 per cent. of the value of the Company's gross assets immediately following Admission will be invested in other listed closed-ended investment funds (including listed investment trusts);
- The Company intends to be fully invested during normal market conditions but may hold up to 20 per cent. of Net Asset Value in cash or short term money market instruments (including gilts and treasury bills) during periods when the Manager believes markets are overvalued and expects them to fall; and
- The Company will not invest more than 10 per cent. of its Net Asset Value in any one stock or security (or, in the case of derivatives as described further above, in any one counterparty) as measured at the time of investment. The Company may invest more than 5 per cent. of its Net Asset Value in an individual stock or security (or counterparty), provided that such investment does not cause the aggregate value of stocks and securities worth 5 per cent. or more of the Company's Net Asset Value to represent more than 40 per cent. of the Company's Net Asset Value.

Investment Opportunity

The Directors believe that Asia Pacific Environmental Companies are well positioned to supply rapidly expanding demand for environmental products and services in the Asia Pacific Region as well as in other regions of the world, and expect that an actively managed portfolio of Asia Pacific Environmental Companies will out-perform both global equities and also the basket of general equities in the Asia Pacific Region over the medium to long term.

Powerful drivers behind global environmental markets

Expanding populations and rising standards of living worldwide are placing increasing and unsustainable pressure on finite natural resources and weak infrastructure, and producing pollution that, in many places, is damaging human health and reducing the value of economic goods.

In 2008, the size of the global market for environmental products and services was in excess of US\$500 billion. This market is anticipated to expand at a compound annual growth rate of between 12 per cent. and 15 per cent. over the next three to five years.

Asia Pacific Environmental Companies well placed to supply global environmental markets

When compared to their counterparts in Europe and North America, many Asia Pacific Environmental Companies have a distinct competitive advantage in seeking to satisfy demand in environmental markets outside of the Asia Pacific Region. In particular, these companies can often benefit from cheaper labour costs, and thereby operate with a relatively low capital intensity. For example, during 2008, the cost of manufacturing solar cells (excluding the cost of silicon) was typically US\$0.30 per watt peak in China and in excess of US\$0.60 per watt peak in Europe.

Environmental Markets in the Asia Pacific Region are set to expand rapidly

The directors expect that the market for environmental goods and services within the Asia Pacific Region will grow rapidly. The region is home to almost half the world's population, which is becoming increasingly urbanised and, in many areas, is expecting standards of living to continue to improve. Many countries in the Asia Pacific Region have relatively scarce natural resources, particularly clean water, oil and natural gas, and are experiencing significant environmental damage, particularly in air and water quality within industrialised areas. Furthermore, in many parts of the Asia Pacific Region, there is limited infrastructure to supply clean water and to dispose of waste in a manner that does not cause pollution.

In response to these circumstances, as well as similar factors that have driven the development of environmental legislation in Europe and North America, governments in the Asia Pacific Region have in recent years adopted numerous environmental plans and policies. For example, in 2007, China issued its Medium and Long Term Development Plan for Renewable Energy requiring that, by 2020, 15 per cent. of its total energy consumption be sourced from renewable sources, while in 2008, the Republic of Korea released a National Energy Plan requiring that renewable energy should account for 11 per cent. of all energy supplied nationally by 2030. The Directors anticipate that there will be further significant development of environmental policy in the Asia Pacific Region.

Underpinned by environmental legislation, many markets for environmental products and services are large and expected to grow rapidly. For example, the Asia Pacific market for renewable power generation equipment in 2008 was estimated as US\$ 23 billion and is expected to grow at a compound annual rate of approximately 20 per cent. over the next three years, while the Asia Pacific market for products and services in the water sector in 2008 was estimated to be US\$ 55 billion and is expected to grow at a compound annual rate of approximately 11 per cent. over the next three years.

Asia Pacific Environmental Companies

The Manager has identified approximately 340 quoted companies that have at least 20 per cent. of their turnover, profits or capital invested in Environmental Markets that are based in the Asia Pacific Region. As at 7 October 2009, these companies had an aggregate market capitalisation of US\$687 billion (£431 billion). 17 per cent. of this total comprises companies in the renewable energy sector, 38 per cent. is in the energy efficiency sector, 12 per cent. is in the water treatment and pollution control sector and the remaining 32 per cent. is in the waste technologies and resource management sector (sources: Bloomberg, the Manager).

Nineteen per cent. of this total comprises companies capitalised at more than US\$2,500 million, 49 per cent. is capitalised at between US\$250 million and US\$2.5 billion and the remaining 32 per cent. is capitalised at less than US\$250 million (source: Bloomberg).

The Manager believes that the shares of Asia Pacific Environmental Companies have outperformed general equities in the Asia Pacific Region over the past three years. Although the FTSE Environmental Opportunities Asia-Pacific ex-Japan Index was not launched until June 2009, a back-cast of its starting constituents would have provided a total return of 64 per cent. for the period between 30 June 2006 and 6 October 2009; over the same period, the MSCI AC Companies Asia Pacific ex-Japan Index returned 19 per cent. (source: the Manager and FTSE).

Manager and Investment Adviser

The Company's investment manager is Impax Asset Management Limited, which commenced advisory and non-discretionary investment management in 1998 and discretionary investment management in 2001. The Manager has particular expertise in managing portfolios of listed stocks and private equity in the Environmental Markets sector. As at 30 September 2009 the Manager was investment manager or investment adviser in respect of approximately £1,250 million for institutional and private investors across a range of funds.

The Manager has appointed Ajia Partners Asset Management (HK) Limited as its investment adviser to assist it with research on stocks that are eligible for the Company's portfolio. Ajia provides fund management and advisory services from its base in Hong Kong, as well as from its other offices in Beijing, Seoul and Tokyo. As at 31 August 2009, Ajia was investment manager or investment adviser in respect of approximately £1,200 million for institutional and private investors.

Capital Structure

On Admission the Company will have a capital structure consisting of Ordinary Shares and Subscription Shares. Ordinary Shares will rank in full for dividends and other distributions declared by the Company and holders of Ordinary Shares will be entitled to attend and vote at general meetings.

The Company will issue Subscription Shares by way of a capitalisation of share premium account on the basis of one Subscription Share for every five Ordinary Shares issued as part of the Placing and Offer for Subscription. Each Subscription Share will carry the right to subscribe for one Ordinary Share at a price of 100p (subject to adjustment) at any time up to 31 October 2014. The rights carried by Subscription Shares are set out in the Articles and described in Part IV of this document.

Financial statements

The Company's financial year-end is 30 June. The first Annual Report and Accounts will be for the period from incorporation to 30 June 2010. The Annual Report and Accounts will be sent to shareholders within four months of the Company's financial year-end.

The Company's first half-yearly financial report will be for the period from incorporation to 31 December 2009. This report will be sent to shareholders by 28 February 2010.

Copies of the Annual Report and Accounts and the half-yearly financial report will be made available on the Manager's website (www.impax.co.uk) and will be available on request from the Company Secretary.

Accounting Policy

The Company will prepare its financial statements under UK GAAP and in accordance with the guidance in the Statement of Recommended Practice issued by the Association of Investment Companies in January 2009.

The Company's finance costs and investment management fees will be allocated between capital and revenue in the income statement in line with the Board's expectation, following advice from the Manager, of the long term split of the Company's investment portfolio returns between capital and revenue. The Company intends to allocate 80 per cent. of such costs to capital.

Valuation Policy

The Company's Net Asset Value per Ordinary Share will be calculated in sterling on a daily basis by the Administrator. Calculations will be made in accordance with UK GAAP and Association of Investment Companies guidelines unless otherwise determined by the Board.

In determining the Company's Net Asset Value, its investments shall be valued as follows:

Any securities of companies quoted on an investment exchange will be valued at fair value by reference to market bid price.

Any investments in derivatives will be valued at fair value. In the case of Participatory Notes this will be by reference to latest available broker quotations.

Any other investment shall be valued at best estimate of fair value as determined by the Directors.

Any investments not denominated in sterling will be translated into sterling at closing London market rates.

The Net Asset Value per Ordinary Share and, if different, Diluted Net Asset Value per Ordinary Share will be announced on a daily basis via a Regulatory Information Service approved by the FSA (“RIS”).

Any suspension in the making of the above announcements, together with the reason for suspension, will be announced by the Company on a RIS.

A fact sheet will be available from the Manager on a monthly basis from its website, www.impax.co.uk, and on request from the Company Secretary.

Dividends

The primary objective of the Company is capital growth and the Directors intend to manage the Company’s affairs to achieve shareholder returns through capital growth rather than income. It is expected that the Company will allocate 80 per cent. of the Management Fee to capital. As a result, the Company is expected to pay a small annual dividend to holders of Ordinary Shares. Dividends will depend on the amount and timing of income, which the Company receives on its investments and, accordingly, the amount of dividends payable by the Company may fluctuate.

Continuation Vote

The Company will not have a fixed life. However, the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company on a regular basis. Accordingly, at the annual general meeting of the Company in 2015 and at every third subsequent annual general meeting, the Directors will propose an ordinary resolution for the continuation of the Company in its current form. If such resolution is not passed, the Directors will formulate proposals to be put to the Shareholders to reorganise or reconstruct the Company or for the Company to be wound up.

Buy back of Shares

Provided that the Directors, at their absolute discretion, consider it to be in the best interests of the Ordinary Shareholders as a whole to do so, the Company will be able to purchase its own Ordinary Shares for cancellation and/or treasury and to purchase its own Subscription Shares for cancellation. Any such repurchase(s) will be subject to the provisions of the Articles, any applicable insider dealing rules, the Listing Rules and other applicable legislation.

So as to enable the Company to repurchase Ordinary Shares and Subscription Shares, the Company proposes (subject to Court approval) to cancel its share premium account shortly after Admission, thereby creating a special reserve that may be treated as distributable profits for making purchases of Ordinary Shares and Subscription Shares. The Company cannot make any purchases of Ordinary Shares and/or Subscription Shares until the Court has approved the cancellation of the share premium account and appropriate annual, interim or initial accounts for the Company have been prepared and filed with the Registrar of Companies as required by the Companies Act.

A special resolution, expressed to take effect on Admission, has been passed granting the Company the authority to make market purchases of up to 14.99 per cent. of its own issued Ordinary Shares in issue on Admission and 14.99 per cent. of its own Subscription Shares in issue on Admission and the Company will seek annual (or, if required, more frequent) renewal of this authority from Shareholders in respect of the 14.99 per cent. of the then issued Ordinary Shares and 14.99 per cent. of the then issued Subscription Shares.

Under the Listing Rules, the maximum price that may currently be paid by the Company on the repurchase of any Ordinary Shares or Subscription Shares is 105 per cent. of the average of the middle market quotations for the relevant class of shares for the five business days immediately preceding the date of repurchase or, if higher, that stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation (EC No 2273/2003).

Shares will only be bought back at the discretion of the Directors when they consider the market conditions to be appropriate and in accordance with the Listing Rules. They will only be bought back at prices that are accretive to Net Asset Value (on a fully diluted basis).

PART II

DIRECTORS, MANAGERS AND ADMINISTRATION

The Board of Directors

The Directors of the Company, all of whom are non-executive and are independent of the Manager, are:

- **Allan McKenzie, Chairman:** (age 62) has been a director of Edinburgh Dragon Trust plc since 1 September 2006 and he was the Chief Operating Officer and a Managing Director of Blackrock International Limited prior to his retirement in 2006. He is a former director of Blackrock Global Series plc and a former director and chairman of the Thailand International Fund Limited. Between 1972 and 1991 he was actively involved in fund management, specialising in Asian equity markets. Since 1991 his role was in marketing and client relationship management at both Scottish Widows Investment Management and Blackrock International Limited.
- **Alan Barber:** (age 61) is currently Executive Chairman of Management Consulting Group plc and a non-executive director and Chairman of the Audit Committee of Invesco English & International Trust plc, JP Morgan Japanese Investment Trust plc and Witan Pacific Investment Trust plc and Western & Oriental plc. He is a former non-executive director of lastminute.com plc and Teather & Greenwood Holding plc and was a partner in KPMG until 2004.
- **Terence Mahony:** (age 66) is Managing Director of TFM Management Limited, a firm of investment consultants based in Hong Kong. He has over 35 years' investment experience, the last 25 of which have been gained in Asia. He is also a non-executive director of Pacific Assets Trust plc, Advance Developing Markets Trust plc and Citic Capital Investment Management.
- **Simon Atiyah:** (age 48) is a solicitor and currently works as a legal consultant at Lovells LLP in London. He originally joined Lovells as a partner in 2002 and headed up its investment funds' practice for two years before his retirement as a partner in 2008. He has over 25 years' experience working in solicitors' practices, over 20 of which have been specialising in investment fund work. He is qualified to practise, and has worked in, Hong Kong and Bermuda, as well as in England.

The Directors are responsible for determining and overseeing the implementation of the Investment Policy and have overall responsibility for the Company's activities. An additional director is expected to be appointed to the Board in due course.

The Company's Corporate Governance

The Board has put in place arrangements that it believes are appropriate levels of corporate governance for an entity of the Company's size and type investing in securities and that enable the Company to comply with the Combined Code on Corporate Governance published by the Financial Reporting Council.

The Management Agreement sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board.

The Board will receive full details of the Company's assets, liabilities and other relevant information in advance of Board meetings. The Board will meet formally at least four times a year; however, the Manager and Company Secretary will stay in more regular contact with Directors on a less formal basis.

Individual Directors have direct access to the Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

The Board considers that, in view of its non-executive nature, it is appropriate for the Directors to be appointed for a specified term of no more than three years as recommended by the Combined Code. The Company will comply with the corporate governance guidelines applicable to a company registered in England and Wales.

In relation to the use of the Company's voting rights in respect of investee companies, the Manager, (in the absence of explicit instruction from the Board) is empowered to exercise discretion in the use of the Company's voting rights. The underlying aim of exercising such voting rights is to protect the return from such investment.

Audit Committee

The Board has appointed an Audit Committee which shall meet formally at least twice a year. The principal duties of the Audit Committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the half yearly and annual reports and accounts, to review the external auditors' letter of engagement and any management letters, to review and monitor internal financial control systems and risk management systems on which the Company is reliant and to analyse the key procedures adopted by the Company's service providers. Where non-audit services are provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. The Audit Committee comprises Simon Atiyah, Alan Barber, Terence Mahony and Allan McKenzie, with Alan Barber as Chairman. The Audit Committee shall have formal terms of reference and copies of these will be available on request from the Company Secretary of the Company.

Remuneration and Management Engagement Committee

The Board has appointed a Remuneration and Management Engagement Committee which shall meet formally at least once a year. The Remuneration and Management Engagement Committee will review the performance of the Manager including the Manager's compliance with the terms of the Management Agreement and will ensure that the provisions of the Management Agreement follow industry practice and remain competitive and in the best interests of Shareholders. The Remuneration and Management Engagement Committee will also consider the fees payable to the Board of Directors and the appointment and remuneration of the main suppliers of services to the Company. The Remuneration and Management Engagement Committee comprises Simon Atiyah, Alan Barber, Terence Mahony and Allan McKenzie, with Simon Atiyah as Chairman. The Company will include in each annual report a statement as to whether, in the opinion of the Directors, the appointment of the Manager on the terms agreed continues to be in the interests of Shareholders, together with a statement of the reasons for this view. The Remuneration and Management Engagement Committee shall have formal terms of reference and copies of these will be available on request from the Company Secretary of the Company.

Nominations Committee

The Board has also appointed a Nominations Committee which comprises Simon Atiyah, Alan Barber, Terence Mahony and Allan McKenzie, with Allan McKenzie as Chairman. The function of this committee will be to evaluate the appointment of additional or replacement Directors against the requirements of the Company's business and the need to have a balanced Board. The Nominations Committee meets as and when it is required (but shall consider meeting at least once a year), and will consider job specifications and will assess whether candidates have the necessary skills and time available to devote to the Company's business. Full details of the duties of new Directors will be provided to them. The Nominations Committee shall have formal terms of reference and copies of these will be available on request from the Company Secretary of the Company.

Management of the Company

Investment Manager

The Company's investment manager is Impax Asset Management Limited. The Manager is a subsidiary of Impax Group plc, the shares of which are quoted on the AIM market of the London Stock Exchange. As at 30 September 2009 the Manager had assets under management or advisory of approximately £1,250 million for institutional and private investors across a range of funds.

The Manager provides fund management and advisory services within the Environmental Markets sector, particularly alternative energy, waste management and water treatment. The Manager has particular expertise in managing portfolios of listed stocks and private equity in the Environmental Markets sector.

The Manager commenced advisory and non-discretionary investment management in 1998 and discretionary investment management in 2001.

Details of the Management Agreement between the Company and the Manager, pursuant to which the Manager will provide management services to the Company, including the management fee, are set out in paragraph 7.5 of Part V of this document.

Portfolio Managers

Bruce Jenkyn-Jones and David Hok Kwan Li will be jointly responsible for managing the Company's portfolio.

- Bruce Jenkyn-Jones, aged 43, has 20 years' experience of environmental markets. He has a chemistry degree from Oxford University, an MSc in Environmental Technology from Imperial College, London, and an MBA from I.E.S.E., Barcelona. Bruce spent five years with Environmental Resources Management Limited, a leading environmental consultancy. After working as a utilities analyst at BT Alex. Brown, he joined Impax Group plc in February 1999. Since that time he has focused on the development of the listed equity business at Impax where he is now Managing Director (Listed Equities).
- David Hok Kwan Li, aged 38, has 13 years' experience in equities research and fund management in the investment sector. He graduated from the University of New South Wales in Australia with majors in accounting and finance. Prior to joining Ajia in April 2007, he was the Head of Small and Mid Cap Research for Asia ex-Japan at Deutsche Bank Securities, and Head of Regional Media Research at ING Securities. David also has experience in auditing and is a qualified CPA and CFA. David Hok Kwan Li is an employee of the Investment Adviser and will be seconded to the Manager pursuant to a secondment agreement which may be terminated by either party giving not less than three months' notice to the other party to expire no earlier than the third anniversary of Admission or at any time on the occurrence of certain events. David Hok Kwan Li will be based at Ajia's offices in Hong Kong.

Investment Adviser

The Manager has appointed Ajia Partners Asset Management (HK) Limited as its investment adviser to assist it with research on stocks that are eligible for the Company's portfolio. Ajia focuses on asset management with approximately 100 employees in Asia. It provides fund management and advisory services from its base in Hong Kong, as well as from its other offices in Beijing, Seoul and Tokyo. As at 31 August 2009, Ajia managed or was investment adviser to funds of approximately £1,200 million for institutional and private investors. Ajia has worked with the Manager, and formed an integral part of its investment process in identifying and researching stocks on the main markets of the Asia Pacific Region for other Impax funds, since August 2007.

The Investment Adviser was appointed by the Manager on 8 October 2009 to provide a number of services, *inter alia*, to make recommendations for the Company regarding the selection of quoted Asia Pacific Environmental Companies for investment, introduce suitable market participants to facilitate trades in any recommended investments, provide an Ajia representative to attend investment committee meetings and provide office facilities in Hong Kong for the Manager, all of which are subject to the overall supervision and guidance of the Manager.

The Manager shall be responsible for any acts or omissions of the Investment Adviser as if such actions or omissions were those of the Manager.

Administrator and Registrars

The Company has appointed Cavendish Administration Limited to act as administrator and as Company Secretary and Capita Registrars has been appointed as registrar to the Company.

Custody of the investments

BNP Paribas Securities Services has been appointed as custodian to the Company. The Custodian is part of a global banking and financial services group which holds approximately 28 per cent. of the issued share capital of the Manager's parent company.

The principal business of the Custodian is the provision of custodial, banking and related financial services. Under the custody agreement, the Custodian has agreed to perform custody and related services for the Company in respect of its investments.

The Custodian is authorised to hold and safeguard securities and other property in the accounts and to collect the income, interest and dividends arising thereon.

Further details of the Custodian and of the agreement between the Company and the Custodian are set out in paragraphs 7.2 and 10.18 of Part V of this document.

PART III

THE ISSUE

Introduction

The Company is seeking to raise up to £200 million, before expenses, through the Placing and the Offer for Subscription of the Ordinary Shares. The Issue is not being underwritten and, as a result, will not proceed unless aggregate subscriptions are received which represent a minimum of £50 million or such lesser amount as the Company and Collins Stewart may agree.

The Directors intend to apply the Net Proceeds in establishing a diversified portfolio of investments in accordance with the Investment Policy as described in Part I of this document and subject to the further investment restrictions described in paragraph 11 of Part V of this document. Pending investment, the Net Proceeds will be held on deposit and in short-term money market instruments (including gilts and treasury bills) and cash with institutions (or wholly-owned subsidiaries of institutions) that are rated A1 (or above) by Standard & Poor's or an equivalent rating agency.

Investor Profile

The Placing will be marketed to institutional and sophisticated investors. The Offer for Subscription will be open to members of the public in the United Kingdom. Typical investors in the Company are expected to be UK and European based asset and wealth managers regulated or authorised by the FSA or the relevant local regulator, retail private clients who will invest through brokers and some private individuals.

The Placing

Pursuant to the Placing Agreement, Collins Stewart and the Placing Agent will seek to place up to 200 million Ordinary Shares at the Issue Price. To the extent that valid applications are accepted in the Offer the number of Ordinary Shares placed will be reduced. The Issue is conditional, *inter alia*, on the Placing Agreement becoming unconditional, and not being terminated and on Admission of the Ordinary Shares that are now being issued.

The Offer for Subscription

Ordinary Shares are available to the public under the Offer for Subscription. Thirty million Ordinary Shares are reserved for issue under the Offer for Subscription. To the extent that they are not subscribed under the Offer for Subscription, those Ordinary Shares may be issued under the Placing. The Offer for Subscription is being made to members of the public (other than certain Overseas Investors) in conjunction with the application for Admission. The terms and conditions of application under the Offer for Subscription and the Application Form are set out at the end of this document. These terms and conditions should be read carefully before an application is made. Applicants should consult their respective stockbroker, bank manager, solicitor, accountant or other independent financial adviser if they are in any doubt.

Subscription Shares

One Subscription Share will be issued for every five Ordinary Shares subscribed for in the Placing or in the Offer for Subscription. Each Subscription Shares carries the right to subscribe for one Ordinary Share at 100p per share on any business day between 1 November 2009 and 31 October 2014 inclusive. The subscription price and number of Ordinary Shares are subject to adjustment on the occurrence of certain events including subdivision or consolidation of Ordinary Shares. The terms and conditions of the Subscription Shares are set out in the Articles and described in Part IV of this document.

Admission and Dealings

Applications have been made to the UK Listing Authority for up to 200 million Ordinary Shares and up to 40 million Subscription Shares to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange. It is expected that Admission will become effective, and that dealings in those shares on the Main Market will commence on 23 October 2009.

Certificates and CREST

The Ordinary Shares and the Subscription Shares will be issued in registered form and may be held in certificated or uncertificated form. Applicants under the Offer who wish their Ordinary Shares and Subscription Shares to be held in uncertificated form (that is, in CREST) should ensure that they complete the details in Box 5 of the Application Forms. Temporary documents of title will not be issued pending the despatch of definitive certificates for Ordinary Shares and the Subscription Shares. Dealings in the Ordinary Shares and the Subscription Shares in advance of the crediting of the relevant CREST accounts or the issue of share certificates will be at the risk of the persons concerned.

Overseas Investors

None of the Ordinary Shares and the Subscription Shares will be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities legislation of any state or other political sub-division of the United States and the relevant clearances have not been, and will not be, obtained from the securities commission of any province or territory of Canada, Australia, Japan or the Republic of South Africa and they may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the United States, Canada, Australia, the Republic of South Africa or Japan or to, or for the account or benefit of, a US Person (as defined in the Securities Act) or any national, citizen or resident of the United States, Canada, Australia, the Republic of South Africa or Japan. This document does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, the Ordinary Shares and the Subscription Shares in any jurisdiction in which such offer or solicitation is unlawful.

The making of the Offer for Subscription to Overseas Investors may be affected by the laws or regulatory requirements of the jurisdictions in which such investors reside. Overseas Investors who wish to subscribe for the Ordinary Shares under the Offer for Subscription are referred to paragraph 8 of the Terms and Conditions of Application on page 69 of this document. Shareholders and potential investors who are in any doubt as to their position in this respect are strongly recommended to consult their own professional advisers as soon as possible.

Costs and Expenses

The costs of the Issue will be borne out of the proceeds of the Issue. The total costs of the Issue (including any commissions) will be 2 per cent. of the gross proceeds of the Issue. In the event that the Issue does not proceed, the Manager has agreed to pay for the costs and expenses incurred in respect of the Issue.

Action to be Taken

Offer for Subscription

Any person wishing to apply for the Ordinary Shares under the Offer for Subscription is able to do so by completing and returning the relevant Offer for Subscription Application Form enclosed with this document accompanied by a cheque or banker’s draft payable to “Capita Registrars Limited re: Impax Asian Environmental Markets plc Offer For Subscription a/c” and crossed “A/C Payee” for the appropriate amount, by post or by hand (during normal business hours only) to Capita Registrars Limited, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, in each case so as to be received as soon as possible, and in any event by 11.00 a.m. on 15 October 2009. The minimum application under the Offer for Subscription is for £1,000 and thereafter in multiples of £1,000. If an application is rejected or if Admission does not occur application monies will be returned as explained in paragraph 5 of the Terms and Conditions of Application on page 67 of this document.

Full details of the terms and conditions of the Offer for Subscription and the procedure for application and payment are set out set out on pages 65 to 70 of this document.

ISAs

Any person wishing to apply for the Ordinary Shares under the Offer for Subscription through an ISA should contact their ISA manager as soon as possible.

The Ordinary Shares are a qualifying investment for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager through an offer to the public (such as the Offer for Subscription) or in the market. The Subscription Shares also are also a qualifying investment for the stocks and shares component of an ISA through the capitalisation issue of one Subscription Share for every five Ordinary Shares subscribed pursuant to the Offer or if acquired through the market following Admission.

Shares in investment trusts, such as the Company, only qualify for the stocks and shares component of an ISA where the investments of the investment trust themselves continue to meet certain tests laid down by law. The Company manages its affairs so as to be a fully qualifying investment trust for ISA purposes. The Directors intend that the Company will conduct its affairs so as to continue to qualify for ISA products.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

Taxation Status

The Directors intend to conduct the affairs of the Company so as to qualify as an investment company, as defined under section 833 of the Companies Act, and an investment trust under section 842 of ICTA. In respect of each accounting period for which the requirements of section 842 of ICTA are satisfied, the Company will be exempt from UK corporation tax on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way.

A guide to the general UK taxation position as at the date of this document is set out in Part V of this document.

If you are in any doubt as to your taxation position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

PART IV

TERMS AND CONDITIONS OF THE SUBSCRIPTION SHARES

The Subscription Shares will carry the rights described below, which are incorporated in the Articles.

1 Subscription Share Rights

- (a) A registered holder for the time being of a Subscription Share (a **Subscription Shareholder**) shall have a right (**Subscription Share Right**) exercisable on any Business Day between 1 November 2009 and 31 October 2014 (the **Final Subscription Date**), both dates inclusive, (any date on which exercise occurs being described as a **Subscription Date**) to subscribe for all or any of the Ordinary Shares to which his Subscription Shares relate at 100p per Ordinary Share.

The Subscription Price shall be payable in full in Sterling on subscription.

Each Subscription Share relates to one Ordinary Share, but the Subscription Price (and/or the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 below.

In these provisions **Net Asset Value** or **NAV** means the unaudited value of all the Company's assets calculated in accordance with the Company's accounting policies less all prior charges and other creditors at their fair value. Prior charges include all loans and overdrafts that are to be used for investment purposes. **Business Day** for this purpose means any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays).

- (b) Subscription Shares will be issued in registered form and may be held in either certificated form (**Certificated Subscription Shares**) or uncertificated form (**Uncertificated Subscription Shares**). In the case of:
- (i) Certificated Subscription Shares, a Subscription Shareholder will be entitled to a share certificate in respect of his holding of Subscription Shares; and
 - (ii) Uncertificated Subscription Shares, a Subscription Shareholder's title to such Subscription Shares will be recorded in the relevant register as being held in such form as will by virtue of the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (**Regulations**) enable the transfer of title to the Subscription Shares to be effected without a written instrument by means of a relevant electronic system (a **Relevant Electronic System**).
- (c) In order to exercise, in whole or in part, the Subscription Share Rights which are conferred by any Certificated Subscription Shares, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document(s) as the directors of the Company (the **Directors**) may, in their absolute discretion, accept) at the office of the registrars for the time being of the Company (the **Registrars**) by not later than 5.00 p.m. on any Business Day between 1 November 2009 and 31 October 2014 (both dates inclusive), having completed the notice of exercise of Subscription Share Rights thereon (or by giving such other notice of exercise of Subscription Share Rights as the Directors may, in their absolute discretion, accept), accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised. Any notice of exercise received after 5.00 p.m. on any Business Day will be treated as having been received on the following Business Day. Once lodged, a notice of exercise of Subscription Share Rights shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- (d) The Subscription Share Rights which are conferred by any Uncertificated Subscription Shares on the relevant Subscription Date shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the relevant Subscription Date if, not later than 5.00 p.m. on the relevant Subscription Date, (i) an Uncertificated Subscription Notice is received as referred to

below and (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised is received by the Company (or by such person as it may require for these purposes).

For these purposes, an **Uncertificated Subscription Notice** shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System). The Directors may, in addition but subject to the regulations and facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (e) Not later than 30 days before the Final Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Share Rights and, in relation to any Uncertificated Subscription Shares, stating the form of Uncertificated Subscription Notice prescribed by the Directors.
- (f) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Certificated Subscription Shares will be allotted within ten Business Days of the first Business Day of the calendar month following the month in which the relevant notice of exercise of Subscription Share Rights is given in accordance with paragraph 1(c) above, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than 14 days after from the Final Subscription Date. The Ordinary Shares arising on exercise of the Subscription Share rights shall be allotted with effect from the date of their allotment (and not the date upon which the notice of exercise is given or deemed given in accordance with paragraph 1(c) above). Certificates in respect of such Ordinary Shares, together, if applicable, with a new certificate for the balance of any Certificated Subscription Shares in respect of which the Subscription Share Rights have not been exercised, will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant allotment date to the person(s) in whose name(s) the Subscription Share is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax as may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all).
- (g) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Uncertificated Subscription Shares will be allotted within ten Business Days of the first Business Day of the calendar month following the month in which the relevant Uncertificated Subscription Notice is given in accordance with paragraph 1(d) above, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than 14 days after the Final Subscription Date. The Ordinary Shares arising on exercise of the Subscription Share rights shall be allotted with effect from the date of their allotment (and not the date upon which the Uncertificated Subscription Notice is given in accordance with paragraph 1(d) above). The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be credited in uncertificated form to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription Share Rights have been exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose, to the regulations, and the facilities, rules and requirements of the Relevant Electronic

System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.

- (h) For the avoidance of doubt, unless the Directors otherwise determine or unless the regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Share Rights shall be issued in certificated form where such Subscription Share Rights were conferred by Certificated Subscription Shares and in uncertificated form where such Subscription Share Rights were conferred by Uncertificated Subscription Shares.
- (i) Ordinary Shares allotted pursuant to the exercise of Subscription Share Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant allotment date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank *pari passu* in all other respects with the Ordinary Shares in issue at the relevant allotment date.
- (j) For so long as the Company's Ordinary Shares are admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, it is the intention of the Company to apply (i) to the UK Listing Authority for the Ordinary Shares allotted pursuant to any exercise of Subscription Share Rights to be admitted to the Official List and (ii) to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's market for listed securities. The Ordinary Shares arising pursuant to any exercise of Subscription Share Rights will be allotted subject to admission to the Official List and to trading on the London Stock Exchange's market for listed securities. **Official List** for this purpose means the official list of the UK Listing Authority. **UK Listing Authority** for this purpose means the Financial Services Authority of the United Kingdom acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.
- (k) Each notice of exercise of Subscription Share Rights and each Uncertificated Subscription Notice will be deemed to contain a representation that at the time of submission to the Company, the holder of the Subscription Shares concerned is not a US Person (as defined in paragraph 1(l) below) or a person in Canada, Australia, Japan, New Zealand or the Republic of South Africa or, if he is such a person, his exercise of Subscription Share Rights is permitted by, and will not infringe, the securities laws of the relevant jurisdiction.
- (l) Without prejudice to the generality of the final sentences of paragraphs 1(c) and 1(d) above, the exercise of Subscription Share Rights by any Subscription Shareholder or beneficial owner of the Subscription Shares who is a US Person or a person in Canada, Australia, Japan, New Zealand or the Republic of South Africa or the right of such a Subscription Shareholder or beneficial owner to receive the Ordinary Shares falling to be issued to him following the exercise of his Subscription Share Rights, will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with (or for avoiding any requirement which would otherwise arise to comply with) the securities laws of the United States (including, without limitation, the United States Securities Act of 1933, as amended, the United States Investment Company Act of 1940, as amended, and any rules or regulations promulgated under such Acts) and the laws of Canada, Australia, Japan, New Zealand and the Republic of South Africa. As used herein, **US Person** means any person or entity defined as such in Rule 902 (o) under the United States Securities Act of 1933, as amended and, without limiting the generality of the foregoing, US Person includes a natural person resident in the United States, a corporation, partnership or other entity created, organised or incorporated under the laws of the United States (including any State thereof) and an estate or trust, if any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is

subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located and **United States** means the United States of America (including the States thereof and the District of Columbia), its territories and possessions or other areas subject to its jurisdiction.

2 Adjustments of Subscription Share Rights

The Subscription Price (and/or the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2:

- (a) If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the Final Subscription Date in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the Subscription Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and (y) the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect.
- (b) If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) on a date (or by reference to a date) on or before the Final Subscription Date, the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and (y) the denominator shall be the aggregate nominal amount of the issued and allotted Ordinary Shares immediately after such allotment and such adjustment shall become effective as at the date of allotment of such Ordinary Shares.
- (c) If on a date (or by reference to a record date) on or before the Final Subscription Date, the Company makes any offer or invitation (whether by way of rights issue, open offer or otherwise but not being an offer made in connection with scrip dividend arrangements) to the holders of the Ordinary Shares (subject to such exclusions as may be necessary to deal with legal, regulatory or practical problems in any jurisdiction) to subscribe for new Ordinary Shares or for securities convertible into or exchangeable for Ordinary Shares or conferring rights to subscribe for Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(f) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Share Rights had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2(a) to (f)) on which the same could have been exercised on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Subscription Price shall be adjusted:
 - (i) in the case of an offer of new Ordinary Shares for subscription (by way of a rights issue or open offer) at a price less than the Net Asset Value per Ordinary Share as at the close of business on the Business Day immediately preceding the date of announcement of the terms (including the pricing) of the offer (the **Pricing Date**) (a **Dilutive Ordinary Share Offer**), by multiplying the Subscription Price in force immediately before the Pricing Date by a fraction of which (x) the numerator is the Fully Diluted NAV per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date and (y) the denominator is the Diluted NAV per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date; and
 - (ii) in the case of an offer under which securities convertible into, or exchangeable for, Ordinary Shares or conferring rights of subscription for Ordinary Shares are offered by the Company (by way of a rights issue or open offer) and the price at which such securities are convertible into or exchangeable for Ordinary Shares or the price at which Ordinary Shares

may be subscribed pursuant to the rights conferred by such securities (as the case may be) is less than the Net Asset Value per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date (a **Dilutive Alternative Securities Offer**), by multiplying the Subscription Price in force immediately before the Pricing Date by a fraction of which (x) the numerator is the Fully Diluted NAV per Ordinary Share as at the close of business on the business day immediately preceding the Pricing Date and (y) the denominator is the Diluted NAV per Ordinary Share as at the close of business on the business day immediately preceding the Pricing Date; and

- (iii) in any other case, in such manner as the independent financial advisers appointed by the Board (the **Financial Advisers**) shall report in writing to be fair and reasonable.

For the purposes of this paragraph 2(c):

- (I) **Relevant Securities** means any securities of the Company (including the Subscription Shares) in issue as at the relevant date which are convertible into, or exchangeable for, Ordinary Shares or which confer rights of subscription for Ordinary Shares or which otherwise could result in the issue of new Ordinary Shares, in each case at a price less than the then prevailing Net Asset Value per Ordinary Share;
- (II) the **Diluted NAV per Ordinary Share** shall be the amount calculated in accordance with the following formula:

$$\text{DNAV} = \frac{(A+B)}{(C+D)}$$

where:

DNAV = the Diluted NAV per Ordinary Share;

A = the net assets of the Company as at the close of business on the Business Day immediately preceding the Pricing Date;

B = an amount equal to the product of (x) the number of new Ordinary Shares which would fall to be issued by the Company if the rights conferred by all Relevant Securities were exercisable and had been exercised in full on the Business Day immediately preceding the Pricing Date at the conversion, exchange or subscription price (as the case may be) applicable on the next occasion on which such rights are then capable of exercise (disregarding, in the case of the Subscription Shares, any adjustment required by reason of the relevant offer or invitation under this paragraph 2(c)) and (y) such conversion, exchange or subscription price (as the case may be);

C = the number of Ordinary Shares in issue as at the Pricing Date;

D = the number of new Ordinary Shares that would result from the exercise in full (on the basis set out in B above) of all the rights conferred by the Relevant Securities; and

- (III) the **Fully Diluted NAV per Ordinary Share** shall be the amount calculated in accordance with the following formula:

$$\text{FDNAV} = \frac{(A+B+E)}{(C+D+F)}$$

where:

FDNAV = the Fully Diluted NAV per Ordinary Share;

A = the net assets of the Company as at the close of business on the Business Day immediately preceding the Pricing Date;

- B = an amount equal to the product of (x) the number of new Ordinary Shares which would fall to be issued by the Company if the rights conferred by all Relevant Securities were exercisable and had been exercised in full on the Business Day immediately preceding the Pricing Date at the conversion, exchange or subscription price (as the case may be) applicable on the next occasion on which such rights are then capable of exercise (disregarding, in the case of the Subscription Shares, any adjustment required by reason of the relevant offer or invitation under this paragraph 2(c)) and (y) such conversion, exchange or subscription price (as the case may be);
- C = the number of Ordinary Shares in issue as at the Pricing Date;
- D = the number of new Ordinary Shares that would result from the exercise in full (on the basis set out in B above) of all the rights conferred by the Relevant Securities;
- E = (i) in the case of a Dilutive Ordinary Share Offer, an amount equal to the number of new Ordinary Shares offered for subscription multiplied by the issue price less the expenses of the offer and (ii) in the case of a Dilutive Alternative Securities Offer, an amount equal to the aggregate of (a) the product of (x) the number of new Ordinary Shares which would fall to be issued by the Company if the rights to be conferred by all the securities the subject of the offer were exercisable and had been exercised in full on the business day immediately preceding the Pricing Date at the initial conversion, exchange or subscription price (as the case may be) and (y) such conversion, exchange or subscription price (as the case may be), less the expenses of the Dilutive Alternative Securities Offer and (b) the net proceeds of such offer to be received by the Company to the extent (if any) not reflected in (a); and
- F = (i) in the case of a Dilutive Ordinary Share Offer, the number of new Ordinary Shares the subject of the offer assuming the same had been issued on the Business Day immediately preceding the Pricing Date and (ii) in the case of a Dilutive Alternative Securities Offer, the number of new Ordinary Shares that would result from the exercise in full of the rights conferred by all the securities the subject of the offer if such rights were exercisable and had been exercised in full on the Business Day immediately preceding the Pricing Date.
- (d) No adjustment will be made to the Subscription Price pursuant to paragraphs 2(a), (b) or (c) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above) if it would result in an increase in the Subscription Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2(d)) be less than 1 per cent. of the Subscription Price then in force and on any adjustment the adjusted Subscription Price will be rounded down to the nearest whole penny. Any adjustment not so made and any amount by which the Subscription Price is rounded down will be carried forward and taken into account in any subsequent adjustment.
- (e) Whenever the Subscription Price is adjusted as provided in accordance with paragraphs 2(a) to (d) above (other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect and the nominal value of such shares shall be paid up in full in accordance with paragraph 8(i)(v). The number of additional Subscription Shares to which a holder of Subscription Shares will be entitled shall be the number of existing Subscription Shares held by him before such adjustment multiplied by the following fraction:

$$\frac{(X - Y)}{Y}$$

where:

X = the Subscription Price (for the next Subscription Date) immediately before the adjustment of the Subscription Price; and the net assets of the Company as at the close of business on the Business Day immediately preceding the Pricing Date;

Y = the Subscription Price (for the next Subscription Date) immediately after the adjustment of the Subscription Price.

Fractions of Subscription Shares will not be allotted to holders of Subscription Shares but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds will be paid to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £5.00 will be retained for the benefit of the Company. Subscription Share certificates relating to such additional Certificated Subscription Shares will be issued within 21 days of the said adjustment taking effect or the Company will procure that appropriate instructions are given to enable such additional Uncertificated Subscription Shares to be credited to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares are registered as at the date of the adjustment.

- (f) Whenever the Subscription Price is adjusted in accordance with this paragraph by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above, the number of Ordinary Shares into which each holder of Subscription Shares is entitled to convert such Subscription Shares will be reduced accordingly.
- (g) The Company shall give notice to holders of Subscription Shares within 28 days of any adjustment made pursuant to paragraphs 2(a) to (f) above.
- (h) If a holder of Subscription Shares shall become entitled to exercise his Subscription Share Rights pursuant to paragraph 3(f) below, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the Financial Advisers in accordance with the following formula:

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

where:

A = the reduction in the Subscription Price;

B = the Subscription Price which would, but for the provisions of this paragraph 2(h), be applicable (having taken into account any adjustments previously made pursuant to paragraphs 2(a) to (f) above) on the date on which the Company shall become aware as provided in paragraph 3(f) below;

C = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(f) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and

D = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(f) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made,

provided that:

- (i) the Subscription Price shall not be reduced so as to cause the Company to be obliged to issue Ordinary Shares at a discount to nominal value and, if the application of the above formula would, in the absence of this proviso (i), have reduced the Subscription Price to below the nominal value of an Ordinary Share, the number of Ordinary Shares for which a holder of a Subscription Share may subscribe pursuant to paragraph 3(f) below shall be adjusted in such manner as the Financial Advisers shall report to be appropriate to achieve the same economic result for the Subscription Shareholders as if the Subscription Price had been reduced without regard to this proviso (i); and
- (ii) no adjustment shall be made to the Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(f) below shall give details of any reduction in the Subscription Price pursuant to this paragraph 2(h).

- (i) Notwithstanding the provisions of paragraphs 2(a) to 2(h) above, in any circumstances, where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided under the said provisions, the Company may appoint the Financial Advisers to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not appropriately reflect the relative interests of the persons affected thereby and, if the Financial Advisers shall consider this to be the case, the adjustment shall be modified or nullified, or another adjustment made instead, or no adjustment made, in such manner including without limitation making an adjustment calculated on a different basis and /or to take effect from such other date and/or time as shall be reported by the Financial Advisers to be in their opinion appropriate.

3 Other provisions

So long as any Subscription Share Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
 - (i) make, pay or declare any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
 - (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or the issue of further Subscription Shares to the Subscription Shareholders in accordance with the rights attaching to the Subscription Shares; or
 - (iii) on or by reference to a record date falling within the period of six weeks ending on the Final Subscription Date, make any such allotment as is referred to in paragraph 2(b) above or any such offer or invitation as is referred to in paragraph 2(c) above (except by extending to the Subscription Shareholders any such offer or invitation as may be made by a third party);
- (b) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders) in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital (as defined in section 548 of the Companies Act 2006) except for shares which carry, as compared with the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital (save as to the date from which such shares shall rank for dividends or distributions), provided that nothing herein shall restrict the right of the Company to increase, consolidate or

sub-divide its share capital or to issue further Ordinary Shares which carry, as compared to the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividends or return of capital;

- (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 2(b) if, in either case, the Company would on any subsequent exercise of the Subscription Share Rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares or in connection with a purchase of shares made in accordance with paragraph 3(i) below or for a reduction not involving any payment to Shareholders) reduce any of its share capital or any uncalled or unpaid liability in respect of any of its share capital;
- (e) except in the circumstances where paragraph 2(c) applies, the Company shall not grant (or agree to grant) any option in respect of, or create any rights of subscription for, or conversion into, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription or conversion (including those of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20 per cent. of the nominal amount of the Ordinary Shares (excluding any treasury shares) then in issue, nor (except with the sanction of a special resolution of the Subscription Shareholders) will the Company grant (or offer or agree to grant) any such option in respect of, or create any such rights of subscription for, or issue any securities or loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the Subscription Price for the time being;
- (f) subject as provided in paragraph 3(g) below, if at any time an offer is made to all Shareholders (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware on or before the Final Subscription Date that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his Subscription Share Rights on the terms (having taken into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(h) above) on which the same could have been exercised if they had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under sections 895 to 901 of the Companies Act 2006 providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(f) and reference herein to such an offer shall be read and construed accordingly;
- (g) if under any offer as referred to in paragraph 3(f) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which offer the financial advisers to the Company (acting as experts and not as arbitrators) shall consider to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to such financial advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise his Subscription Share Rights on the basis referred to in paragraph 3(f) above and, subject to the offer as referred to in paragraph 3(f) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates (as defined in section 988 of the Companies Act 2006), any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of securities to subscribe for ordinary shares in the offeror in exchange for the relevant Subscription Shares and who have not exercised the Subscription Share Rights attaching to their

Subscription Shares before such offer becomes or is declared unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates:

- (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid, whereupon all the Subscription Share Rights shall lapse; and
 - (ii) to do such acts and things as may be necessary or appropriate in connection therewith;
- (h) if an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders), each Subscription Shareholder shall be entitled to receive out of the assets available in the liquidation, *pari passu*, with the holders of the Ordinary Shares and *pro rata* to their holding of Subscription Shares as at the commencement of the liquidation, such proportion of the assets available for distribution and distributed in the liquidation as is equal to the greater of:
- (i) the proportion produced by the following formula:

$$\frac{MP \times N}{SA}$$

where:

MP = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier, the date of the first announcement of the presentation of such petition or the convening of a meeting (as the case may be) or that the same is proposed

N = the number of Subscription Shares in issue immediately prior to the commencement of the liquidation

SA = the surplus assets available in the liquidation; and

- (ii) the proportion produced by the following formula:

$$\frac{IV \times N}{SA}$$

where:

IV = the excess of the Diluted NAV per Ordinary Share over the Subscription Price immediately prior to the commencement of the liquidation

N = the number of Subscription Shares in issue immediately prior to the commencement of the liquidation

SA = the surplus assets available in the liquidation

For the avoidance of doubt, the entitlement of Subscription Shareholders pursuant to this paragraph 3(h) shall be payable out of the assets available in the liquidation without the Subscription Shareholders having to make any subscription or payment. Subject to the foregoing, all Subscription Share Rights shall lapse on liquidation of the Company.

Notwithstanding the foregoing provisions of this paragraph 3(h), where the Directors, in their reasonable opinion, shall consider that the economic result produced by the application of such provisions would or might not fairly and appropriately reflect the

relative interests of the persons affected thereby, the Directors may appoint the Financial Advisers to consider and report on what (if any) adjustments should be made to such provisions so as to produce an economic result which, in the opinion of the Financial Advisers, fairly and appropriately reflects the relative interests of the persons affected thereby, and in the event of any such report by the Financial Advisers the provisions of this paragraph 3(h) shall be deemed to be varied and take effect accordingly;

- (i) notwithstanding paragraphs 3(a) to (h) above, the Company may, without the sanction of special resolution of the Subscription Shareholders:
 - (i) purchase any of its own equity share capital (whether by tender, by private treaty or through the market);
 - (ii) hold its Ordinary Shares in treasury (for the purposes of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003) and sell any such Ordinary Shares held in treasury; and
 - (iii) effect a reduction in its share premium account or capital redemption reserve in accordance with the provisions of the Companies Act.

4 Issue of C Shares

- (a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in (b) below) shall not constitute an alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of a special resolution of the Subscription Shareholders) even though it may involve modification of the rights attached to the existing Ordinary Shares of the Company or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the Net Asset Value per Ordinary Share.
- (b) For this purpose, a Qualifying C Share Issue means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of subscription shares or warrants (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

5 Modification of Rights

All or any of the rights for the time being attached to the Subscription Shares and any of these terms and conditions may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

6 Purchase

Subject to the provisions of the Companies Act the Company (or any of its subsidiaries) shall have the right to purchase Subscription Shares in the market, by tender or by private treaty but:

- (a) such purchases will be limited to a maximum price per Subscription Share which (other than in the case of purchases by tender) will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for a Subscription Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the value of a Subscription

Share calculated on the basis of the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out; and

- (b) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike. All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for re-issue or resale.

7 Transfer

Each Subscription Share will be in registered form and will be transferable:

- (a) in the case of Certificated Subscription Shares, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (b) in the case of Uncertificated Subscription Shares, by giving the appropriate instructions for transfer by means of the Relevant Electronic System.

No transfer of a fraction of a Subscription Share may be effected.

8 General

- (a) The Company will, concurrently with the issue of the same to the holders of the Ordinary Shares, send to each Subscription Shareholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof), together with all documents required by law to be annexed thereto, and a copy of every other statement, notice or circular issued by the Company to holders of Ordinary Shares.
- (b) For the purposes of the rights attaching to Subscription Shares, a **special resolution of the Subscription Shareholders** means a resolution proposed at a meeting of the Subscription Shareholders duly convened and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- (c) Any determination or adjustment made pursuant to the rights attaching to Subscription Shares by the Financial Advisers shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Subscription Shareholders.
- (d) Any references in the rights attaching to Subscription Shares to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (e) Subject and without prejudice to paragraph 3(h) above Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights as provided in paragraph 8(i) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 5). Subscription Shareholders are not entitled to attend or vote at meetings of Ordinary Shareholders and have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of one penny, being the nominal value of each Subscription Share (in respect of which Subscription Share Rights have not been exercised) held (which right ranks immediately after the right of the Ordinary Shareholders to be repaid the nominal value of 1p for each Ordinary Share), but subject and without prejudice to paragraph 3(h) above.
- (f) If, immediately after any Subscription Date (other than the Final Subscription Date) and after taking account of any Subscription Share Rights exercised on that date, Subscription Share Rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Subscription Shares originally issued (subject to the adjustment of the number of Subscription Shares in accordance with paragraph 2 above (excluding any Ordinary Shares to which Subscription Share Rights attached to Subscription Shares purchased by the Company or any of its subsidiaries relate but including any further Subscription Shares issued in accordance with the Articles)), the

Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 8(f) (the “**Early Subscription Trustee**”) upon the expiry of 21 days from the date of such notice (the “**Notice Period**”) and for this purpose the Notice Period shall expire at 3.00 p.m. on the 21st day from the date of such notice. Such notice shall set out the Final Subscription Date and will include all necessary details and instructions to enable the exercise of the Subscription Share Rights. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the expiry of the Notice Period either:

- (i) exercise all the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period and had been exercised (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
- (ii) (if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Early Subscription Trustee shall distribute *pro rata* the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Notice Period, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Share Rights then outstanding within the period of 14 days following such expiry as set out in this paragraph 8(f) (and such trustee’s decision in respect thereof shall be final and binding on all holders outstanding Subscription Shares), all Subscription Share Rights shall lapse on the expiry of such period of 14 days.

- (g) Within seven days following the Final Subscription Date the Company shall appoint a trustee (the “**Final Subscription Trustee**”) who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the Final Subscription Date, either:
 - (i) exercise all the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Final Subscription Trustee shall distribute *pro rata* the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto at the risk of such persons within 56 days of the Final Subscription Date, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Share Rights within the period of 14 days following the Final Subscription Date as set out in this paragraph 8(g) (and such trustee’s decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse.

- (h) The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (i) The exercise of the Subscription Share Rights shall be effected in accordance with this paragraph 8(i) or in such manner as may be authorised by law. For the purposes of this paragraph 8(i) the Relevant Shares shall mean those Subscription Shares in respect of which Subscription Share Rights are exercised.
- (i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of profits of the Company which would otherwise be available for distribution. In the event that the Directors determine to redeem the same at par out of such profits, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and such holder shall be deemed to have appointed the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:
- (a) the Subscription Price; and
 - (b) the amount of the redemption moneys to which the holder is entitled;
- and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.
- (ii) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of the proceeds of a fresh issue of Ordinary Shares. In the event that the Directors determine to redeem the same at par out of such proceeds, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and such holder shall be deemed to have authorised the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:
- (a) the Subscription Price; and
 - (b) the amount of the redemption moneys to which the holder is entitled;
- and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.
- (iii) To enable such subscription to be effected, the Directors may determine to effect such subscription by means of a consolidation and sub-division of the Relevant Shares. In such case the requisite consolidation and sub-division shall be effected pursuant to the authority given by the resolution adopting the New Articles by consolidating into one share all the Relevant Shares held by any holder or joint holders and in respect of which a Subscription Notice shall have been given in respect of the relevant Subscription Date (treating holdings of the same holders or joint holders in certificated form and uncertificated form as separate holdings, unless the Directors otherwise determine) and, if the Directors so determine, any shares allotted to such holder or joint holder pursuant to paragraph 8(i)(v) and converting (and, if necessary, sub-dividing) such consolidated share into shares of 25p each (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of which one share for every complete 25p (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of the nominal amount of the consolidated share shall be Ordinary Shares (fractional entitlements to an Ordinary Share being disregarded) and the balance (if any) of

such consolidated share shall be deferred shares which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed by the Company without further authorisation.

- (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(i)(i) or 8(i)(ii) and that are, on the Subscription Date concerned, in uncertificated form, the Directors shall be entitled in their absolute discretion to determine the procedures for the redemption of such Relevant Shares (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System). Without prejudice to the generality of the foregoing, the procedures for the redemption of any such Relevant Shares may involve or include the sending by the Company or by any person on its behalf of an issuer instruction to the operator of the Relevant Electronic System requesting or requiring the deletion of any computer based entries in the relevant system concerned that relate to the holding of the Relevant Shares concerned, and/or the Company may, if the Directors so determine (by notice in writing to the holder concerned), require the holder of the Relevant Shares concerned to change the form of the Relevant Shares from uncertificated form to certificated form prior to the allotment date concerned (and in each case the Directors shall determine the procedure for such redemption).
- (v) To enable any subscription to be effected in accordance with paragraph 8(i)(i) or 8(i)(ii) above or the issue of any additional Subscription Shares pursuant to paragraph 2(e) above the resolution adopting the New Articles will authorise the Directors to capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, redenomination reserve, profit and loss account or otherwise available for the purpose and the same shall be applied in paying up in full at par shares to be allotted and issued, credited as fully paid, to and amongst the holders of the Subscription Shares exercising their Subscription Share Rights in accordance with their respective entitlements or otherwise to the holders of Subscription Shares in accordance with paragraph 2(e). The restrictions and limitations in the New Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to paragraph 8(i) or paragraph 2(e) which shall instead be effected pursuant to the authority given by the resolution adopting the New Articles.

PART V

GENERAL INFORMATION

1. Responsibility statement

- 1.1 The Directors, whose names appear in paragraph 4.1 below, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Manager accepts responsibility for the statements attributed to it contained in this document. To the best of the knowledge and belief of the Manager (who has taken all reasonable care to ensure that such is the case) those statements are in accordance with the facts and do not omit anything likely to affect the import of those statements.

2. Incorporation and Admission

- 2.1 The Company was incorporated and registered in England and Wales as a public limited company under the Companies Act 1985 on 11 September 2009 with the name Impax Asian Environmental Markets plc and with registered number 07016550. The Company has no subsidiaries but may establish or acquire a subsidiary or subsidiaries to engage in transactions connected with its proposed activities. On 5 October 2009, it was granted a trading certificate to do business and to borrow under section 761 of the Companies Act. No accounts of the Company have been made up since its incorporation. The Company has not commenced trading and no financial statements have been made up.
- 2.2 The Company has made an application for the Ordinary Shares now being offered and the Subscription Shares to be admitted to the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange. The Company will thereby be subject to the Listing, Prospectus and Disclosure and Transparency Rules of the UK Listing Authority and the rules of the London Stock Exchange.
- 2.3 The principal legislation under which the Company operates is the Companies Act and regulations made thereunder. The liability of the members is limited.
- 2.4 The Company is not authorised or regulated by the FSA.

3. Share Capital

- 3.1 As at the date of this document the issued share capital of the Company is £50,002 divided into 200 Ordinary Shares of 1p each and 50 million Redeemable Preference Shares of 0.1p each. On incorporation, 2 ordinary shares of £1 each were issued nil paid; these ordinary shares were subdivided into Ordinary Shares of 1p each and will be included in the Issue.
- 3.2 By special resolution passed on 6 October 2009:
- (a) For the purposes of section 551 of the Companies Act the Directors were generally and unconditionally authorised to exercise all powers of the Company to allot shares and grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount of £2,684,000 comprising:
- (i) the issue of Ordinary Shares of one penny each up to an aggregate nominal amount of £2,000,000 pursuant to the Placing and Offer for Subscription;
- (ii) the issue of Subscription Shares up to an aggregate nominal amount of £40,000 (“the Bonus Issue”);

- (iii) the grant of the right to subscribe for shares pursuant to the exercise of rights attaching to the Subscription Shares to subscribe for such shares (the “Subscription Share Rights”) as set out in the Articles up to a maximum aggregate nominal amount of £400,000; and
- (iv) (whether in connection with the issues mentioned in (i), (ii) and (iii) above or not) up to an aggregate nominal amount of £244,000 or, if less, a aggregate nominal amount which is equal to 10 per cent. of nominal amount of the Company’s issued share capital immediately following Admission

provided that such authority shall (unless previously varied, revoked or renewed by the Company in general meeting) expire on 4 October 2014 save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the Directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired;

- (b) The Directors were empowered pursuant to section 570 and 571 of the Companies Act to allot equity securities (as defined in section 560 of Companies Act) for cash pursuant to the general authority conferred on them by paragraph (a) of the resolution and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act, in each case as if section 561 of the Companies Act did not apply to any such allotment or sale, provided that the power was limited to:
 - (i) the allotment of Ordinary Shares pursuant to the Placing and Offer, the allotment of Subscription Shares pursuant to the Bonus Issue, Subscription Share Rights and shares in connection with and for the purposes of the Subscription Shares and Subscription Share Rights up to a maximum nominal amount of £2,440,000; and
 - (ii) (whether in connection with the allotments mentioned in (i) above or not) up to an aggregate nominal amount of £204,000 or, if less, the nominal amount of equity securities which is equal to 10 per cent. of nominal amount of the Company’s issued share capital immediately following Admission

the power, unless renewed, to expire fifteen months from the date of the special resolution, but to extend to the making, before such expiry, of an offer or agreement which would or might require any shares to be allotted or rights to subscribe for shares to be allotted or granted after such expiry and the Directors have power to allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred thereby had not expired;

- (c) The Directors were empowered to capitalise any part of the amount then standing to the credit of any of the share premium account, capital redemption reserve, redenomination reserve or any reserve (other than the profit and loss account) otherwise available for the purpose of paying up in full at par up to 40,000,000 Subscription Shares to be issued pursuant to the Bonus Issue, such shares to be allotted and distributed credited as fully paid up to and among such holders in the proportion of one new Subscription Share for every five Ordinary Shares subscribed in the Placing and Offer (fractions of a Subscription Share being ignored) and, to the extent necessary, paying up in full any Ordinary Shares to be allotted in accordance with the provisions of the Articles of Association relating to the exercise of rights attaching to the Subscription Shares and any additional Subscription Shares required to be issued to holders of Subscription Shares in accordance with the rights attaching to the Subscription Shares;
- (d) Any consolidation, sub-division or redemption of share capital required in the opinion of the Directors to give effect to the rights of the holders of Subscription Shares was approved;

- (e) The Company was generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of its issued Subscription Shares, provided that:
- (i) the maximum number of Subscription Shares thereby authorised to be purchased shall be 5,996,000 or, if less, that number of Subscription Shares which is equal to 14.99 per cent. of the Company's issued Subscription Share capital immediately following Admission;
 - (ii) the minimum price which may be paid for a Subscription Share is 0.1 penny;
 - (iii) the maximum price which may be paid for a Subscription Share will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EU) 22 December 2003 implementing the Market Abuse Directive as regards the exemption for buy-back programmes and stabilisation of financial instruments (No. 2273/2003);
 - (iv) the authority thereby conferred shall expire on the date falling 18 months following the date of the passing of the resolution unless the authority is renewed at the Company's Annual General Meeting in 2010 or at any other general meeting prior to such time; and
 - (v) the Company may make a contract to purchase Subscription Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Subscription Shares pursuant to any such contract notwithstanding such expiry.
- (f) The Company was generally, and subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of its issued Ordinary Shares, provided that:
- (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be £29,980,000 or, if less, that number of Ordinary Shares which is equal to 14.99 per cent. of the Company's issued Ordinary Share capital immediately following Admission;
 - (ii) the minimum price which may be paid for an Ordinary Share is 1 penny;
 - (iii) the maximum price which may be paid for an Ordinary Share will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the 5 consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EU) 22 December 2003 implementing the Market Abuse Directive as regards the exemption for buy-back programmes and stabilisation of financial instruments (No. 2273/2003);
 - (iv) the authority thereby conferred shall expire on the date falling 18 months following the date of the passing of the resolution unless the authority is renewed at the Company's Annual General Meeting in 2010 or at any other general meeting prior to such time; and
 - (v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

- (g) The share premium account of the Company was cancelled subject to confirmation by the court in accordance with the Companies Act.
- 3.3 Other than in connection with the Issue or on the exercise of the Subscription Shares or pursuant to present or future allotment authorities (where the Directors consider it likely to promote the success of the Company for the benefit of its members to utilise such authorities), the Directors have no present intention of issuing any of the authorised but unissued share capital of the Company.
- 3.4 Save as disclosed in this paragraph 3:
- (a) no share or loan capital of the Company has, since the date of incorporation, been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;
- (b) no commissions, discounts, brokerages or other special terms have been granted by the Company since the date of incorporation in connection with the issue or sale of any share or loan capital of the Company; and
- (c) the Company has not granted any options over its share or loan capital or has agreed, conditionally or unconditionally, to grant any such options.
- 3.5 The Company does not have any Ordinary Shares held in treasury.
- 3.6 To enable the Company to obtain a trading certificate to conduct business and to borrow under section 761 of the Companies Act, on 5 October 2009, 50,000,000 Redeemable Preference Shares were allotted to the Manager against its irrevocable undertaking to pay 0.1p in cash for each Redeemable Share on or before the date of Admission (unless Admission does not become effective by 31 January 2010, in which case the Manager has undertaken to pay up, or procure payment of the nominal value of all such Redeemable Preference Shares in cash on 31 January 2010). Such Redeemable Preference Shares will be paid up in full on Admission and redeemed in full out of the proceeds of the Issue. The unissued share capital created by the redemption of the Redeemable Preference Shares will be redesignated on such redemption as Ordinary Share capital.
- 3.7 On the assumption that the Issue is fully subscribed and following redemption of the Redeemable Preference Shares, the nominal value of the Company's issued share capital will be £2,040,000 divided into 200 million Ordinary Shares and 40 million Subscription Shares, all of which will be fully paid up.
- 3.8 The nominal amount of the share capital of the Company as at the date of this Prospectus and the expected share capital of the Company immediately following Admission, assuming the Issue is fully subscribed, is thus as follows:

	<i>As at date of Prospectus</i>	<i>Immediately following Admission</i>
Issued:		
Ordinary Shares of 1p each	£2	£2,000,000
Subscription Shares of 0.1p each	nil	£40,000
Redeemable Preference Shares of 0.1p each	£50,000	nil

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no direct or contingent indebtedness (current or non-current). Save as disclosed above, the Company has no legal or other reserves as at the date of this Prospectus.

- 3.9 The Issue Price of 100p per Ordinary Share, which is payable in cash, represents a premium of 99p to the nominal value of an Ordinary Share.
- 3.10 Save for Ordinary Shares to be issued on exercise of the rights of the Subscription Shares, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

- 3.11 The provisions of section 561(1) of the Companies Act (which, to the extent not disapplied by section 570 of that Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of that Act) in the Company which are, or are to be, paid up in cash) shall apply to the authorised but unissued share capital of the Company, except to the extent disapplied by the resolution referred to in sub-paragraph 3.3(b) above.
- 3.12 Subject to the redemption of the Redeemable Preference Shares referred to above and to any special rights or restrictions attaching to any Ordinary Shares or any class of shares issued by the Company in the future, the holders of fully paid Ordinary Shares are entitled *pari passu* amongst themselves, but in proportion to the number of Ordinary Shares held by them, to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of the liquidation of the Company.
- 3.13 Any of the Ordinary Shares comprised in the Issue but not subscribed or available for issue will remain authorised but unissued. Any Subscription Shares not issued will be redesignated as Ordinary Shares. The Ordinary Shares and Subscription Shares are in registered form.
- 3.14 Definitive share certificates are expected to be despatched by post during the week commencing 26 October 2009. Temporary documents of title will not be used in connection with the Issue.
- 3.15 Subject to the Uncertificated Securities Regulations 2001, the Company's register may be closed at such time or times and during such period as the Directors may think fit, not exceeding in total 30 days in each year.

4. Directors' interests

- 4.1 The Directors and their respective functions are set out below:

<i>Name</i>	<i>Function</i>
Allan McKenzie	Non-Executive Chairman
Terence Mahony	Non-Executive Director
Simon Atiyah	Non-Executive Director
Alan Barber	Non-Executive Director

- 4.2 The business address of each of the Directors is 145-157 St John Street, London EC1V 4RU.
- 4.3 Save as disclosed in this paragraph 4, none of the Directors has any interest, beneficial or otherwise, in the share capital of the Company, and nor does (so far as is known to the Directors having made appropriate enquiries) persons connected with them (which shall be construed in accordance with section 252 of the Companies Act).

The Directors intend to subscribe under the Issue for the number of Ordinary Shares (with one Subscription Share for every five Ordinary Shares), which they will hold beneficially, set out against their respective names below:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Ordinary Share Capital *</i>	<i>Number of Subscription Shares</i>	<i>Percentage of Issued Subscription Share Capital *</i>
Allan McKenzie	50,000	0.025	10,000	0.025
Terence Mahony	50,000	0.025	10,000	0.025
Simon Atiyah	12,000	0.006	2,400	0.006
Alan Barber	50,000	0.025	10,000	0.025

* On the assumption that the maximum number of 200 million Ordinary Shares and 40 million Subscription Shares are issued pursuant to the Issue.

- 4.4 It is estimated that the aggregate remuneration and benefits in kind payable by the Company to the Directors for the current financial year will amount to £84,000 (plus any VAT payable thereon).

- 4.5 There are no service contracts in existence between the Company and the Directors, nor are any such contracts proposed. The Directors have been appointed as non-executive directors for an initial fixed term period of three years, subject to renewal, by letters dated 6 October 2009 and their appointment is subject to Articles of Association. No member of the Company's management body (being the Board of Directors) has a service contract that provides for benefits on termination of employment. The terms of appointment of each of the Directors provide that the Directors shall retire and be subject to re-election at the first annual general meeting after their appointment and at least every three years thereafter. The terms also provide that a Director may resign by notice in writing to the Board at any time and may be removed without notice and that compensation will not be due on leaving office. The Company's policy is for the Directors to be remunerated in the form of fees payable quarterly in arrears, to the Director personally or to a specified third party. The Directors' appointments can be terminated without notice. Copies of the Directors' letters of appointment are available for inspection at the address specified in paragraph 13 of this Part V. The provisions of the Companies Act relating to the retirement of directors of companies aged over 70 apply to the Company.
- 4.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any such waiver as at the date of this document.
- 4.7 No loan or guarantee has been granted or provided by the Company to or for the benefit of any Director.
- 4.8 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Company and which has been effected by the Company since the date of its incorporation and remains in any way outstanding or unperformed.
- 4.9 There are no actual or potential conflicts of interest arising out of the Issue between the duties of the Directors to the Company and their respective private interests or other duties.
- 4.10 In addition to their Directorships of the Company, the Directors are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the past five years:

<i>Director</i>	<i>Current</i>	<i>Past</i>
Allan MacLeod McKenzie	Edinburgh Dragon Trust plc	
Terence Mahony	Baring International Investment Advance Developing Markets Trust plc Pacific Assets Trust plc	Fundquest UK Limited
Simon Atiyah		Lovells LLP Lovells
Alan John Barber	Management Consulting Group plc Proudfoot Trustees Limited Invesco English and International Trust plc JPMorgan Japanese Investment Trust plc Western & Oriental plc Witan Pacific Investment Trust plc Hybridan LLP	The Institute for Animal Health Landsbanki Securities (UK) Holdings plc Lastminute.com plc KPMG LLP

4.11 None of the Directors has, within the period of five years preceding the date of this document:

- any convictions in relation to fraudulent offences;
- been bankrupt or been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer at the time of any receivership or compulsory liquidation;
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years;
- been a director or partner of any companies or partnerships except for those disclosed in paragraph 4.10 above (or their respective subsidiaries);
- been a partner in any partnership which, while he was a partner or within twelve months of ceasing to be a partner, was the subject of any compulsory liquidation, administration or partnership voluntary arrangement; or
- had any asset belonging to him or to a partnership of which he was a partner at the time of such event or within twelve months after his ceasing to be such a partner made the subject of any receivership.

4.12 The Company maintains directors' and officers' liability insurance on behalf of the directors at the expense of the Company.

5. Significant Shareholdings

5.1 The Company is not aware of any person who, as at the close of business on 7 October 2009, was directly or indirectly interested in three per cent. or more of the issued ordinary share capital of the Company.

5.2 The Directors are not aware of any person who immediately prior to or immediately following completion of the Issue could, directly or indirectly, jointly or severally, exercise control over the Company. For this purpose, joint control means control exercised by two or more persons who have concluded an agreement that may lead to their adopting a common policy in respect of the Company.

6. Articles of Association

6.1 The Articles were adopted on 6 October 2009 and contain (amongst others) the following provisions:

(a) *Voting rights*

Subject to any rights or restrictions attached to any shares and to any other provisions of the Articles, on a show of hands every member who is present in person shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

Unless the Board otherwise determines, no member, or person to whom any of that member's shareholding is transferred other than by a transfer approved under the Articles, may vote at any general meeting or at any separate meeting of holders of any class of shares in the Company either in person or by proxy in respect of any share in the Company held

by him if he or any other person appearing to be interested in the share has been given a notice under Section 212 of the Act and has failed to give the Company the information required by such notice within 14 days of such notice.

(b) *Continuation Resolutions and Duration*

At the annual general meeting of the Company to be held in 2015 and at every third annual general meeting of the Company convened thereafter the members shall be asked to approve the continuation of the Company as an investment trust (a “continuation resolution”) by ordinary resolution. In the event that a continuation resolution is not passed the Directors shall, within three months, put forward proposals for consideration by shareholders for the reorganisation, winding up or reconstruction of the Company.

(c) *Reserves*

The Board may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Board, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Board may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Board may also without placing the same to reserve carry forward any profits.

The Board shall establish a reserve to be called the “capital reserve” and shall either carry to the credit of such reserve from time to time all capital profits or appreciations arising on the sale, realisation, transposition, repayment, or revaluation of any investments or other capital assets of the Company in excess of the book value thereof or apply the same in providing for depreciation or contingencies. Any losses realised on the sale, realisation, transposition, repayment or revaluation of any investments or other capital assets and any other sum incurred in connection with the management of the assets of the Company which, in the opinion of the Board, is reasonably and fairly apportioned to capital may be carried to the debit of the capital reserve except insofar as the Board may in its discretion decide to make good the same out of other funds of the Company. All sums carried and standing to the capital reserve may be applied for any of the purposes to which sums standing to any reserve under the provisions of this Article are applicable, except and provided that no part of the capital reserve or any other monies in the nature of accretion to capital shall in any event be transferred to revenue account to be regarded or treated as profits of the Company available for dividend or be applied in paying dividends on any shares in the Company’s capital.

(d) *Dividends*

Subject to the provisions of every statute for the time being in force concerning companies and affecting the Company (the “Statutes”), the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members but not exceeding the amount recommended by the Board.

If it appears to the Board that they are justified by the financial position of the Company, the Board may pay: (i) interim dividends; or (ii) at intervals settled by it, any dividend payable at a fixed date.

Except in so far as the rights attaching to any share otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. There are no fixed dates on which any entitlement to dividends or interest arises.

Dividends may be satisfied, wholly or partly, by the distribution of assets and may be declared or paid in any currency. The Board may, if authorised by an ordinary resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares, credited as fully paid, instead of cash for all or part of the dividend specified by that ordinary resolution.

The Company may cease to send any cheque, warrant or financial instrument through the post for any dividend or other monies payable in respect of a share if in respect of at least two consecutive dividends payable on that share the cheques, warrants or other financial instruments have been returned undelivered or remain uncashed. The Company must resume sending cheques, warrants or other financial instruments if the shareholder or person entitled by transmission claims the arrears.

Any dividend unclaimed for twelve years from the date when it became due for payment will be forfeited and revert to the Company.

Unless the Board determines otherwise, no member holding shares representing 0.25 per cent. or more in nominal value of the issued shares of any class of share capital of the Company will be entitled to receive payment of any dividend or other distribution if he or any person appearing to be interested in such shares has been given notice under Section 212 of the Act and has failed to give the Company the information required by such notice within 14 days of such notice.

(e) *Return of capital*

On a winding up, a liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Statutes, divide among the members the whole or any part of the assets of the Company (whether the assets are of the same kind or not).

(f) *Issue of shares*

Subject to the provisions of the Act and the Articles of Association, all unissued shares shall be at the disposal of the Directors and they may offer, allot, grant options over, issue warrants to subscribe for or otherwise dispose of them to such persons, at such times and on such terms as they think fit.

(g) *Purchase of own shares*

Subject to the Statutes and to any rights conferred on the holder of any class of shares, the Company may purchase all or any of its shares of any class (including any Redeemable Preference Shares). The Ordinary Shares do not however, carry any right for the holder to require redemption of his shares by the Company.

(h) *Transfer of shares*

Subject to the restrictions of the Articles which are detailed in this paragraph (g) below, a member may transfer all or any of his shares, in the case of shares held in certificated form, by an instrument of transfer in any usual form or in any other form which the Board may approve or, in the case of shares in uncertificated form, in accordance with the Uncertificated Securities Regulations 2001 and the rules of any relevant system (as defined therein) (the "Regulations"). An instrument or transfer shall be executed by or on behalf of the transferor and (unless the share is fully paid) by or on behalf of the transferee. Subject to the Statutes, the transferor will be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

Subject to the Statutes, the Board may refuse to register the transfer of a share which is not fully paid without giving any reason for doing so.

The Board may also refuse to register the transfer of a share if: (i) it is held in certificated form and it is not lodged, duly stamped (if necessary), at the Company's registered office or at such other place as the Board may appoint and accompanied by the certificate for the shares to which it relates (where a certificate has been issued in respect of the shares)

and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; (ii) if it is not in respect of one class of share only; (iii) if it is not in favour of four or fewer transferees; or (iv) if it is in favour of a minor, bankrupt or person of mental ill health. In the case of shares held in uncertificated form, the Board may refuse to register a transfer in any other circumstances permitted by the Regulations.

If the Board refuses to register a transfer, it shall, within two months from the date on which the transfer was lodged, or, in the case of shares held in uncertificated form, the relevant operator instruction was received, send to the transferee notice of the refusal. The registration of transfers may be suspended at such times and for such periods (not exceeding thirty days in any calendar year) as the Board may determine.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share. Any instrument of transfer, which is registered, may be retained by the Company, but any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

Unless the Board determines otherwise, no member holding shares representing 0.25 per cent. or more in nominal value of the issued shares of any class of relevant share capital (as defined by Section 198(2) of the Act) in the Company will be entitled to transfer any such shares otherwise than pursuant to an excepted transfer (as defined in the Articles) if he or any person appearing to be interested in such shares has been given notice under Section 212 of the Act and has failed to give to the Company the information required by the notice within the applicable period and the Company has then given the holder of those shares a restriction notice to the effect that from the service of the restriction notice those shares will be subject to such restrictions.

(i) *Borrowing Powers*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only in so far as by the exercise of such rights or powers of control of the Board can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the Company and its subsidiary undertakings (the "Group") (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to twenty per cent. of the aggregate of:

- (i) the amount paid up on the share capital of the Company;
- (ii) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account as shown in the latest audited consolidated balance sheet and profit and loss account of the Group (or, if the Company has no subsidiary undertakings, of the Company alone) but subject to deductions and adjusted as specified in the relevant Article.

Until such an audited balance sheet and profit and loss account of the Group (or the Company, as the case may be) shall have been prepared as aforesaid the Directors may borrow up to an amount equal to 20 per cent. of an amount equal to the initial Net Asset Value of the Company.

(j) *Rights of pre-emption*

The Articles do not contain any provisions which set out a procedure for the exercise of pre-emption rights, in addition to that provided for by the Act.

(k) *Variation of Rights*

Subject to the provisions of the Statutes, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise.

(l) *Alteration of Share Capital*

The Company may by ordinary resolution increase, consolidate and divide and sub-divide its share capital. Subject to the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve in any manner.

(m) *Redeemable Preference Shares*

On the date of adoption of the Articles and as at the date of this document issue £50,000 Redeemable Preference Shares of 0.1p each were in issue with the following rights and subject to the following restrictions:

- (i) As to dividend: a holder of Redeemable Preference Shares, shall be entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend of such amount as shall result in the payment of a net cash dividend of 0.01 per cent. per annum (inclusive of any imputed tax credit available to shareholders) on the nominal amount of the Redeemable Preference Shares held by him, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 days of the end of such period;
- (ii) As to capital: on the return of assets on a winding up or otherwise, the Redeemable Preference Shares shall confer the right to be paid out of the assets of the Company available for distribution amongst the members the capital paid up on such shares in priority to any amount of capital paid to the holders of the Ordinary Shares and shall not confer any right to participate in any surplus remaining following payment of such amounts;
- (iii) As to voting: the Redeemable Preference Shares shall not confer any right to receive notice of or to attend or vote at any general meeting of the Company;
- (iv) As to redemption: the Company may by notice in writing and upon tendering to a registered holder of Redeemable Preference Shares the amount of capital paid up thereon, redeem any Redeemable Preference Shares at any time and in any event no later than 31 January 2010 (subject to the provisions of the Act) and such holder shall be bound to deliver up any certificate which may have been representing the same. Upon redemption, the name of the registered holder shall be removed from the register of members of the Company and the authorised and unissued share capital existing as a consequence of such redemption shall thereafter be reclassified as Ordinary Shares without any further resolution or consensus; and
- (v) As to certificates: notwithstanding the provisions of these Articles, the Company shall not be obliged to issue a certificate in respect of a Redeemable Preference Share until the date falling 180 days after the allotment of the issue of the same, and any transfers of Redeemable Preference Shares during such period shall be certified against the Register.

(n) *Subscription Shares*

Details of Company's Articles relating to the Subscription Shares are set out in full in Part IV of this document.

(o) *Members Resident Abroad*

Any member with a registered address outside the United Kingdom is not entitled to the notices or other documents from the Company unless he has given the Company an address within the United Kingdom at which such notices or other documents may be served on or delivered to him.

(p) *Directors*

Unless otherwise determined by an ordinary resolution of the Company the number of Directors shall be not less than two and shall not be subject to any maximum.

Until otherwise determined by ordinary resolution, the Directors shall be paid such fees for their services as Directors as the Directors may determine, not exceeding £180,000 in aggregate per annum or such larger amount as the Company may by ordinary resolution determine. The Directors may also be paid all expenses properly incurred by them in connection with the discharge of their duties as Directors.

Unless otherwise determined by ordinary resolution of the Company, a person shall be disqualified from being appointed or reappointed a Director, and a Director shall be required to vacate that office, by reason of the fact that he has attained the age of 70 years.

A Director shall not vote (or be counted in a quorum of a meeting) in respect of any matter in which he (including any person connected with that Director) has an interest which is to his knowledge a material interest. Notwithstanding the above, a Director shall be entitled to vote (and be counted in the quorum at any meeting) on:

- (i) any matter in which he is interested by virtue of an interest in shares, debentures or securities of the Company or otherwise in or through the Company;
- (ii) the giving to him of any guarantee, security or indemnity in respect of money lent, obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility under a guarantee or indemnity or by the giving of security;
- (iii) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as holder of any such securities or as an underwriter or sub-underwriter;
- (iv) any contract concerning another company in which he and any connected person do not, to his knowledge, hold an interest in shares representing one per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company;
- (v) any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings under which he benefits in a similar manner as the employees and which does not accord to any Directors as such any privilege or advantage not accorded to the employees to whom the arrangement relates; and
- (vi) any contract concerning any insurance which the Company is empowered to purchase or maintain for the benefit of any Directors or for persons who include Directors.

(q) *Convening of and attendance at general meetings*

Annual general meetings shall be held at such time and place as the Board may determine, subject to statutory requirements. The Board has absolute discretion to require that members or proxies attending a general meeting should submit to such searches or other security arrangements as the Board considers appropriate.

(r) *Disclosure of interests in shares and restrictions for failure to provide information*

(i) If a person appearing to have an interest in the issued share capital of the Company of a class carrying rights to vote in all circumstances at general meetings has failed to give the Company within 14 days information required by a notice requiring that information (a disclosure notice), the Board may, at its discretion, impose restrictions upon the relevant shares.

(ii) The restrictions available are the suspension of voting or other rights in relation to meetings of the Company in respect of the relevant shares and, additionally, in the case of shareholders representing at least 0.25 per cent. of that class of shares (excluding any shares of that class held as treasury shares), the withholding of payment on dividends on, and in certain cases the restriction of transfers of, the relevant shares. The restrictions shall cease to apply seven days after the earlier of receipt by the Company of notice of an excepted transfer (but only in relation to the shares transferred) and due compliance, subject to the satisfaction of the Board, with the disclosure notice. For these purposes, an excepted transfer means a transfer pursuant to acceptance of a takeover bid, or a sale of the whole beneficial interest in the shares on a recognised investment exchange or a stock exchange outside the United Kingdom on which the shares are normally traded, or a sale of the whole beneficial interest in the shares otherwise than on a stock exchange to a person whom the Board is satisfied is not connected with the transferor or with any person appearing to be interested in the shares.

(iii) The Disclosure and Transparency Rules require Shareholders (subject to certain exceptions) to notify the Company if the voting rights directly or indirectly held (within the meaning of those rules) by such Shareholder reaches, exceeds or falls below three per cent. and each one per cent. threshold above that.

(s) *Form of holding shares*

The Ordinary Shares and the Subscription Shares will be in registered form. Temporary documents of title will not be issued in respect of the Ordinary Shares and the Subscription Shares. The Ordinary Shares and the Subscription Shares will be capable of being held in either certificated or uncertificated form.

Capita Registrars, Registrar for the Company, shall maintain the register of members.

(t) *Share in any surplus in the event of liquidation*

Ordinary Shareholder have the right, on a voluntary winding-up of the Company, to authorise the liquidator by special resolution and any other sanction required by law, divide among the members the whole or any part of the assets of the Company. For such purpose, the liquidator may set the value and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

Subscription Shareholders have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of one penny, being the nominal value of each Subscription Share (in respect of which Subscription Share Rights have not been exercised) held (which right ranks immediately after the right of the Ordinary Shareholders to be repaid the nominal value of 1p for each Ordinary Share).

7. Material Contracts

Save as described below, the Company has not (i) entered into any material contracts (other than in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which the company has any obligation or entitlement that is material to the Company at the date of this document.

- 7.1 The Administration Agreement dated 8 October 2009 between the Company and Cavendish Administration Limited (the “**Administrator**”) under which the Administrator provides administration services and acts as Company Secretary to the Company in the United Kingdom. The Administrator’s services include responsibility for the calculation of the Net Asset Value of the Company. With effect from Admission, the Administrator will receive a monthly secretarial fee at a rate of £2,083 plus a monthly administration fee equal to one twelfth of 0.075 per cent. of the Net Asset Value of the Company at the end of the month in respect of which the administration fee is calculated. Up until the first anniversary of Admission, the administration fee is capped at £100,000 per annum. The secretarial fee and administration fee cap are subject to an annual adjustment, capped at 2 per cent. per annum, to reflect the movement in the UK retail prices index. The Administrator fees are subject to applicable VAT.
- 7.2 The Custody Agreement dated 8 October 2009 between the Company and the Custodian under which the Custodian has agreed to provide custodian services to, and be responsible for the safekeeping of the assets of, the Company. The Custodian is entitled to receive annual fees comprising a standing charge of £40,000 and a holding charge of not less than £50,000 based on the value of the assets of the Company payable monthly in arrears and fees of between £10 and £40 per transaction. The Custodian is also entitled to reimbursement of its reasonable out-of-pocket expenses (excluding the fees of any sub-custodian). The agreement is terminable by the Custodian giving 180 days’ notice or the Company giving 60 days’ notice.

The fees of the Custodian are paid by the Company. The Custody Agreement contains an indemnity in favour of the Custodian against claims by third parties except to the extent that the claim arises from the negligence, fraud or wilful default of the Custodian. The Custody Agreement may be terminated by either party giving to the other not less than 180 or 60 days’ notice in writing or otherwise by the Company in circumstances where, *inter alia*, the Custodian goes into liquidation.

The Custodian charges custody fees at a set *ad valorem* rate in respect of each market in which the Company invests. The aggregate custody fee payable to the Custodian is calculated by reference to the value of assets invested in the relevant country and the relevant *ad valorem* fee rate. The Custodian also levies a transaction charge which is a fixed amount payable when the Company transacts a stock. The transaction charge varies from country to country. The Company will be invoiced by the Custodian monthly.

Subject to exercising its duties of supervision and control as prescribed by the rules of the FSA, the Custodian is authorised to act through and hold the Company’s investments with sub-custodians.

- 7.3 The Registrar’s Agreement dated 8 October 2009 between the Company and Capita Registrars (the “**Registrar**”) whereby the Registrar has agreed to act as the Company’s registrar. The Registrar receives from the Company for its services an annual maintenance fee of not less than £2,750 per annum, together with a maximum fee of £1,450 per annum for web portal access. Transfers under the Registrar’s Agreement cost £5.00 per transfer for Non-CREST transfers and 96p per transfer for CREST transfers (the first 250 of which are free). Transfers to US shareholders, incorporating representation letters, cost £12.50 per transfer. The Registrar may also charge fees ranging from £90 to £400 per annum for other ancillary services, which they may undertake at the request of the Company.
- 7.4 The Placing Agreement, dated 8 October 2009 between the Company, Collins Stewart, the Placing Agent and the Manager whereby Collins Stewart has agreed, as agent for the Company, to use reasonable endeavours to procure subscribers for the Ordinary Shares under the Placing at

100p per Ordinary Share. For its services in connection with the Issue, Collins Stewart is entitled to a commission of 2 per cent. of monies raised less an amount equal to the expenses incurred by the Company in connection therewith.

Under the Placing Agreement, the Company and the Manager has given certain warranties and indemnities to Collins Stewart concerning, *inter alia*, the accuracy of the information contained in the Prospectus.

- 7.5 A discretionary Management Agreement (the 'Management Agreement') dated 8 October 2009 between the Company and the Manager whereby the Manager has been appointed as investment manager of the Company to manage the Company's investments and other assets, including cash, in accordance with the Company's investment policy, subject to the overall policies, direction and control of the Directors and to provide certain additional services.

The Manager shall be entitled to a monthly management fee of one twelfth of one per cent., plus VAT, if any, of the total assets of the Company. For these purposes the gross value of the Company means investments and any other assets of the Company less current liabilities excluding any deduction for loans or overdrafts which are used for investment purposes and any liabilities arising from any financial instruments issued by the Company being classified as debt.

The Management Agreement may be terminated by either party by giving the other party not less than 12 months' notice in writing expiring at the end of any calendar month not earlier than the first anniversary of Admission. Either the Manager or the Company may terminate the Agreement in certain events including if the other party has gone into liquidation, administration or receivership or has committed a material breach of its obligations under the Agreement and (if such breach shall be capable of remedy) fails to remedy such breach within 21 days from the service of a written notice by the other party. The Company may terminate the Management Agreement if: the Manager ceases to be appropriately authorised and regulated by the FSA or ceases to be resident in the United Kingdom; or, it is necessary to do so to comply with the request of any regulator or with any legislation and/or regulations.

The Company may also terminate the Management Agreement by not less than three months written notice if, following a consultation period of three months:

- (a) either or both of Bruce Jenkyn-Jones and Ian Simm cease to have primary conduct of and responsibility for the investment services provided under the Agreement;
- (b) David Hok Kwan Li ceases to be seconded to the Manager by Ajia unless alternative arrangements acceptable to the Directors are made within 3 months;
- (c) the Advisory Agreement or the agreement between Ajia and the Manager seconding David Hok Kwan Li to the Manager are materially amended or terminated or their terms waived without the Company's consent; or,
- (d) the Manager fails to appoint a replacement investment adviser or individual approved by the Board to provide equivalent services to the Company in place of David Hok Kwan Li and/or the Investment Adviser within 3 months of written notice to the Manager requiring it to do so,

and, in each case, alternative arrangements have not been agreed after a three month consultation period between the Company and the Manager.

The Management Agreement contains provisions for the indemnification by the Company of the Manager against claims by third parties made against the Manager in connection with its services under the Management Agreement except to the extent that the claim arises as a direct result of the negligence, wilful default or fraud of the Manager or Ajia and limiting the liability of the Manager to the Company under the Agreement. The Manager shall be responsible for any actions or omissions of the Investment Adviser or any such agent appointed by the Manager as if such actions or omissions were those of the Manager. Save for the foregoing the Manager is excluded from any liability save in the case of negligence, wilful deceit or negligence on its part.

8. Investments

As at the date of this document the Company has no investments.

9. Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Company is aware) involving the Company which may have or have had, since incorporation up to and including the date of this document, a significant effect on the financial position or profitability of the Company.

10. General

- 10.1 The Ordinary Shares are to be issued at the Issue Price. The Subscription Shares will be issued by way of capitalisation of share premium account.
- 10.2 Collins Stewart, Ajia and the Placing Agent have given and have not withdrawn their consents to the issue of this document with the inclusion herein of their names and the references to them in the form and context in which they appear.
- 10.3 There has been no significant change in the financial or trading position of the Company since its incorporation.
- 10.4 The Company has not had any employees since its incorporation and does not own any premises.
- 10.5 The costs and expenses of, or incidental to, the Issue and Admission of the Ordinary Shares and the Subscription Shares are to be paid out of the proceeds of the Issue and, on the assumption that the Issue is fully subscribed, will amount in aggregate to £4 million, representing 2 per cent. of the gross proceeds of the Issue. On that basis, the Net Proceeds of the Issue and net assets of the Company immediately following Admission would be £196 million.
- 10.6 The auditors of the Company are Ernst & Young LLP, Registered Auditors, 1 More London Place, London SE1 2AF.
- 10.7 The Ordinary Shares and the Subscription Shares will be in registered form. Temporary documents of title will not be issued in respect of the Ordinary Shares and the Subscription Shares. The Ordinary Shares and the Subscription Shares will be capable of being held in either certificated or uncertificated form in accordance with the Articles.
- 10.8 The Ordinary Shares are to be paid for in cash. Multiple applications for Ordinary Shares under the Offer for Subscription are not permitted and will be rejected.
- 10.9 It is the Directors' intention to conduct the affairs of the Company so that the Company's income will be wholly or mainly eligible investment income (as defined in section 842 of ICTA).
- 10.10 Under the Offer for Subscription, the Ordinary Shares will be available to the public (other than certain Overseas Investors) in conjunction with the application for Admission.
- 10.11 There are no arrangements under which future dividends are waived or agreed to be waived.
- 10.12 Upon Admission, the Ordinary Shares and the Subscription Shares will be traded on the Main Market of the London Stock Exchange. No application is being made for the Ordinary Shares and the Subscription Shares to be listed or dealt in on any stock exchange other than the London Stock Exchange.
- 10.13 The Company believes that the working capital available to it is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.
- 10.14 The Manager is or may be a promoter of the Company. Save as disclosed in paragraph 7.5 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company or is intended to be paid or given.

- 10.15 The Manager is a private company and was incorporated in England and Wales under the Companies Act 1985 on 18 June 1998 with the registered number 3583839. The Manager is regulated by the Financial Services Authority. Its registered office and principal place of business is Mezzanine Level, Pegasus House, 37-43 Sackville Street, London W1S 3EH, telephone number +44 (0)20 7434 1122. The Manager has given and not withdrawn its consent to the issue of this document with the inclusion herein of its name and the references to it in the form and context in which they appear.
- 10.16 The principal place of business and the registered office of the Company is 145-157 St John Street, London EC1V 4RU.
- 10.17 The Administrator was incorporated and registered in England and Wales as a private limited company under the Companies Act on 29 July 1993 with the name Cavendish Administration Limited and with registered number 2840515. Its registered office and principal place of business is 145-157 St. John Street, London EC1V 4RU, telephone number +44 (0)20 7490 4355.
- 10.18 The Custodian is registered at the Companies Register of Paris under number 552.108.011 RCS Paris. Its registered office is at 3 rue d'Antin, 75002 Paris, France, and operates through its branch in London at 55 Moorgate, London EC2R 6PA, telephone number +44 (0)20 7595. The Custodian is authorised by the "Comité des Etablissements de Crédit et des Entreprises d'Investissement" and the "Autorite des Marchés Financiers" and regulated by the FSA for the conduct of its investment business in the United Kingdom.
- 10.19 The issue of the Ordinary Shares and the Subscription Shares is not underwritten. Save in relation to the Offer for Subscription, the Ordinary Shares and the Subscription Shares have not been marketed nor made available, in whole or in part, to the public in conjunction with the Issue.
- 10.20 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by written instrument. The Articles permit the holding of the Ordinary Shares and the Subscription Shares under the CREST system. The Directors intend to apply for the Ordinary Shares and the Subscription Shares to be admitted to CREST with effect from Admission.
- Accordingly it is intended that settlement of transactions in the Ordinary Shares and the Subscription Shares following Admission may take place within the CREST system if the relevant investors so wish. CREST is a voluntary system and investors who wish to receive and retain share certificates will be able to do so upon request to Capita Registrars.
- 10.21 Applications have been made to the UK Listing Authority for the Ordinary Shares now being offered and the Subscription Shares to be admitted to the Official List, and to the London Stock Exchange for the Ordinary Shares and the Subscription Shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that admission of the Ordinary Shares and the Subscription Shares will become effective and dealings in the Ordinary Shares and the Subscription Shares will commence on the London Stock Exchange on 23 October 2009.
- Applications will be made to the UK Listing Authority for the Ordinary Shares arising on the exercise of the Subscription Shares to be admitted to the Official List, and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the Main Market of the London Stock Exchange.
- 10.22 The Board has appointed an Audit Committee which shall meet formally at least twice a year. The principal duties of the Audit Committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the half yearly and annual reports and accounts, to review the external auditors' letter of engagement and any management letters, to review and monitor internal financial control systems and risk management systems on which the Company is reliant and to analyse the key procedures adopted by the Company's service providers. Where non-audit

services are provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. The Audit Committee comprises Simon Atiyah, Alan Barber, Terence Mahony and Allan McKenzie, with Alan Barber as Chairman. The Audit Committee shall have formal terms of reference and copies of these will be available on request from the Company Secretary of the Company.

- 10.23 The Board has appointed a Remuneration and Management Engagement Committee which shall meet formally at least once a year. The Remuneration and Management Engagement Committee will review the performance of the Manager including the Manager's compliance with the terms of the Management Agreement and will ensure that the provisions of the Management Agreement follow industry practice and remain competitive and in the best interests of Shareholders. The Remuneration and Management Engagement Committee will also consider the fees payable to the Board of Directors and the appointment and remuneration of the main suppliers of services to the Company. The Remuneration and Management Engagement Committee comprises Simon Atiyah, Alan Barber, Terence Mahony and Allan McKenzie, with Simon Atiyah as Chairman. The Company will include in each annual report a statement as to whether, in the opinion of the Directors, the appointment of the Manager on the terms agreed continues to be in the interests of Shareholders, together with a statement of the reasons for this view. The Remuneration and Management Engagement Committee shall have formal terms of reference and copies of these will be available on request from the Company Secretary of the Company.
- 10.24 The Board has also appointed a Nominations Committee which comprises Simon Atiyah, Alan Barber, Terence Mahony and Allan McKenzie, with Allan McKenzie as Chairman. The function of this committee will be to evaluate the appointment of additional or replacement Directors against the requirements of the Company's business and the need to have a balanced Board. The Nominations Committee meets as and when it is required (but shall consider meeting at least once a year), and will consider job specifications and will assess whether candidates have the necessary skills and time available to devote to the Company's business. Full details of the duties of new Directors will be provided to them. The Nominations Committee shall have formal terms of reference and copies of these will be available on request from the Company Secretary of the Company.
- 10.25 In accordance with the Listing Rules, any material change in the Investment Policy will only be made with the approval of Shareholders.
- 10.26 The Company complies with the Combined Code on Corporate Governance published by the Financial Reporting Council.
- 10.27 Except as provided by the Companies Act and the Takeover Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Shares.
- 10.28 Information in this document sourced from a third party has been accurately reproduced and so far as the Company is aware and is able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.29 Save for the Management Agreement described in paragraph 7.5 and the issue and redemption of Redeemable Preference Shares as described in paragraph 6.1(m) of this Part V there were no related party transactions between the Manager and the Company that were entered into since the date of incorporation of the Company and up to the date of this document.

11. Investment Restrictions

11.1 In accordance with Rule 15.4.2 of the Listing Rules, the Company will at all times invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published Investment Policy. In addition to the investment restrictions referred to on page 16 in Part I of this document and in accordance with the Listing Rules of the FSA:

- (a) The Directors intend to direct the affairs of the Company so that it satisfies the conditions for approval by HMRC as an investment trust set out in section 842 of ICTA. The Company intends that its income will consist wholly or mainly of eligible investment income as defined in section 842 of ICTA. Accordingly, the distribution as dividend of surpluses arising from the realisation of investments will be prohibited;
- (b) In accordance with the Listing Rules and, in the case of (i), section 842 of ICTA:
 - (i) distributable income will be principally derived from investments. Neither the Company nor any subsidiary that the Company may acquire will to a significant extent, be a dealer in investments nor will conduct a trading activity which is significant in the context of its group as a whole;
 - (ii) the Company will maintain an adequate spread of risk and not more than fifteen per cent. of the Company's gross assets will be lent to or invested in, either directly or indirectly, the securities of any one company or group (including loans to or shares in the Company's own subsidiaries) at the time the loan or investment is made and any existing holding in the company concerned will be aggregated with the proposed new investment for this purpose;
 - (iii) dividends will not be paid unless they are covered by income received from underlying investments and, for this purpose, a share of profit of an associated company is unavailable unless and until distributed to the Company; and
 - (iv) not more than ten per cent. of the value of the Company's gross assets immediately following Admission will be invested in other listed investment companies (including listed investment trusts).

12. Taxation

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and may not apply to certain shareholders, such as dealers in securities, insurance companies, collective investment schemes or shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident and ordinarily resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold shares as an investment rather than trading stock and who are the absolute beneficial owners of those shares.

The information contained in this Prospectus relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of potential investors; it is not exhaustive and does not constitute legal or tax advice. All potential investors, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers.

12.1 *The Company*

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust under Section 842 of ICTA 1988 each year. However, neither the Manager nor the Directors can guarantee that this approval will be obtained. Under current legislation the Company will be exempt from UK corporation tax on its chargeable gains accruing in respect of each accounting period for which approval is obtained. The Company

will, however, be liable to UK corporation tax on its income in the normal way. Income arising from overseas investments may be subject to overseas withholding taxes, subject to relief which may be available under any relevant double taxation agreement with the UK or UK domestic law.

12.2 *Shareholders*

(a) *Capital Gains Tax*

The base cost attributable to Ordinary Shares and Subscription Shares issued under the Issue must be apportioned between the Ordinary Shares and the Subscription Shares. Such apportionment should be made on the basis of the ratio which the market value of the Ordinary Shares bears to the market value of the Subscription Shares on each of the first days on which the Ordinary Shares and Subscription Shares are dealt in separately.

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to capital gains tax at the flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares or Subscription Shares. No indexation allowance will be available to such Shareholders. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,100 for the tax year 2009-2010.

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal or deemed disposal of their Ordinary Shares or Subscription Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Shareholders who are not resident or ordinarily resident in the UK for the purpose of UK taxation will not normally be liable to UK taxation on chargeable gains arising from a disposal of their Ordinary Shares or Subscription Shares unless they carry on a trade, profession or vocation in the UK through a branch or agency (or in the case of a corporate Shareholder, a permanent establishment) in connection with which the Ordinary Shares or Subscription Shares are held. Such Shareholders, however, may be subject to foreign taxation depending upon their personal circumstances. Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Capital losses realised on a disposal of Ordinary Shares or Subscription Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a Corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

The conversion of Subscription Shares will constitute a reorganisation of share capital for the purposes of UK taxation of chargeable gains. Accordingly, no liability to UK taxation in respect of capital gains will arise. Instead, the Ordinary Shares arising on Conversion will be treated for the purposes of taxation or chargeable gains as the same asset as the Subscription Shares and as having been acquired on the same date as that on which the Subscription Shares were acquired.

(b) *Dividends*

Under current tax law, the Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company should generally be entitled to a tax credit which may be set off to the appropriate extent against the Shareholder's total income tax liability on the dividend. An individual UK resident Shareholder will be liable to income tax on the sum of the tax credit and the dividend (the "gross dividend") which will be treated as the top slice of the individual's income for UK income tax purposes. The tax credit equals ten per cent. of the gross dividend. The tax credit therefore also equals one-ninth of the cash dividend received.

A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of ten per cent. of the gross dividend. This means that the tax credit will satisfy in full such a Shareholder's liability to income tax on the dividend.

The rate of income tax applied to dividends received by a UK resident individual Shareholder liable to income tax at the higher rate will be 32.5 per cent. to the extent that such dividends, when treated as the top slice of the Shareholder's income, fall above the threshold for higher rate income tax. In the case of such Shareholder's liability, the tax credit will be set against, but will not fully match, their tax liability on the gross dividend. After taking account of the ten per cent. tax credit, such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which equals 25 per cent. of the cash dividend received) to the extent that it falls above the threshold for higher rate income tax.

With effect from 6 April 2010, a new tax rate of 50 per cent. will be introduced for taxable non-savings and savings income above £150,000. On and after the date on which the new rate takes effect, if and to the extent that the gross dividend received by a UK resident individual falls above the threshold for income tax at the new 50 per cent. rate, that individual will be subject to tax on the gross dividend at the rate of 42.5 per cent. If the new rate of tax is applied in the same way as the existing rates, that individual would be able to set the tax credit off against part of this liability and the effect of that set-off of the tax credit would be that such an individual would have to account for additional tax equal to 32.5 per cent. of the gross dividend (which equals approximately 36 per cent. of the cash dividend received), to the extent that the gross dividend fell above the threshold for the new 50 per cent. rate of income tax.

There will be no repayment of all or part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit. This will include a Shareholder who holds the Ordinary Shares or the Subscription Shares through an Individual Savings Account.

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim a repayment of the tax credit attaching to dividends paid by the Company.

The Finance Act 2009 abolished the blanket exemption from corporation tax which generally applied to a dividend paid by one UK resident company to another. With effect from 1 July 2009, a new corporation tax charge applies to UK and non-UK source dividends and other distributions (excluding capital distributions) unless the distribution is exempt. The effect of the new rules is broadly to exempt all dividends from corporation tax unless they fall within certain anti-avoidance rules. Dividends paid on the Ordinary Shares or Subscription Shares to UK resident corporate shareholders should generally continue to qualify for exemption from UK corporation tax, however, Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers on this issue.

Non-UK resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. It is particularly important that Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

(c) *New elective regime applicable from 1 September 2009*

An investment trust may be able to elect for the rules described in the Dividend section above not to apply to certain distributions made on or after 1 September 2009. In these circumstances, the distribution (or part of a distribution) designated as an “interest distribution” by the investment trust will be treated as interest under a loan relationship (in the case of the investment trust and recipients of the distribution that are within the charge to UK corporation tax) or as yearly interest (in the case of recipients of the distribution that are within the charge to UK income tax). One effect of this is that the investment trust should be entitled to tax deductions for interest distributions. Interest distributions may be subject to withholding on account of income tax. The rate of withholding is, currently, 20 per cent.

(d) *Individual Savings Accounts (“ISA”)*

Ordinary Shares and Subscription Shares will not be eligible for inclusion in or direct transfer into an ISA where they are acquired pursuant to the Placing.

Ordinary Shares and Subscription Shares acquired by the relevant plan manager pursuant to the Offer for Subscription or through the secondary market following the close of the Placing should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£7,200 for the 2009-2010 tax year (except for those aged 50 or over, for whom it is £10,200 from October 2009) and £10,200 for the 2010-2011 tax year). Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Subscription Shares or Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over.

The Subscription Price paid upon any exercise of the right to convert Subscription Shares into Ordinary Shares would contribute towards the annual subscription limit in the year in which the Subscription Share Right was exercised, unless the Subscription Price were paid out of cash already within the Shareholder’s stocks and shares ISA, or with cash subscribed in the same tax year to a cash ISA held by the Shareholder and transferred to the Shareholder’s stocks and shares ISA.

Sums received by a Shareholder on a disposal of Subscription Shares or Ordinary Shares would not count towards the Shareholder’s annual limit; but a disposal of Subscription Shares or Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Subscription Shares through an ISA should contact their professional advisers regarding their eligibility.

(e) *Self-Invested Personal Pensions (“SIPPs”)*

Ordinary Shares and Subscription Shares in the Company will constitute permitted investments for SIPPs.

(f) *Stamp Duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax will be payable on the issue of Ordinary Shares or Subscription Shares, unless they are issued to persons to whom the depositary receipt or clearance service charge to stamp duty reserve tax applies. In the latter case, stamp duty reserve tax will generally be imposed at the rate of 1.5 per cent. of the subscription price for the Ordinary Shares or Subscription Shares.

A subsequent transfer or sale of Ordinary Shares or Subscription Shares (other than a transfer or sale to a person to whom the depository receipt or clearance service charge applies) will generally be liable either to ad valorem stamp duty at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the consideration actually paid for the transfer or sale or, if an unconditional agreement to transfer the Ordinary Shares or Subscription Shares is not completed by a duly stamped instrument of transfer, to stamp duty reserve tax at the rate of 0.5 per cent. of the consideration actually paid.

Liability to pay any stamp duty or stamp duty reserve tax chargeable on a transfer of Ordinary Shares or Subscription Shares will, in general, be that of the purchaser or transferee of the relevant Ordinary Shares or Subscription Shares.

Paperless transfers of Ordinary Shares or Subscription Shares within CREST are liable to stamp duty reserve tax (usually at the rate of 0.5 per cent. of the consideration actually paid), rather than being liable to stamp duty; and the stamp duty reserve tax chargeable on relevant transactions settled within the CREST system (or reported through that system for regulatory purposes) is collected by CREST.

If Ordinary Shares or Subscription Shares are transferred or sold to any persons to whom the depository receipt or clearance service charge to stamp duty or stamp duty reserve tax applies, stamp duty or (as the case may be) stamp duty reserve tax will normally be payable, by the purchaser or transferee, at the rate of 1.5 per cent., of the amount or value of the consideration paid for the transfer or sale.

No stamp duty or stamp duty reserve tax will be payable by holders of Subscription Shares on the exercise of their rights to subscribe for new Ordinary Shares.

13. Availability of Prospectus

Copies of this document can be obtained during normal business hours until the Issue closes from any of the following:

Collins Stewart Europe Limited 88 Wood Street London EC2V 7QR	Impax Asset Management Limited Mezzanine Level Pegasus House 37-43 Sackville Street London W1S 3EH	Capita Registrars Limited Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
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14. 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 CMS Cameron McKenna LLP at Mitre House, 160 Aldersgate Street, London EC1A 4DD during business hours on any Business Day up to the date of Admission:

- 14.1 the memorandum of association of the Company and the Articles;
- 14.2 this document; and
- 14.3 the consent letters referred to in paragraphs 10.2 and 10.15 of this Part V.

In addition, copies of this document are available, for inspection only, from the Document Viewing Facility, UK Listing Authority, the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Dated: 8 October 2009

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1. Introduction

If you apply for the Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company, Collins Stewart and Capita Registrars (the “**Receiving Agent**”) as set out in these Terms and Conditions of Application.

2. Offer to subscribe for the Ordinary Shares

2.1 Your application must be made on the Application Form attached at the end of this document. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- (i) offer to subscribe for the aggregate value, at the issue price of 100p per Ordinary Share, specified in Box 2 of your Application Form (or such lesser amount for which your application is accepted) on the terms, and subject to the conditions, set out in the this document (including these Terms and Conditions of Application) and the memorandum and articles of association of the Company;
- (ii) agree that, in consideration of the Company and Collins Stewart agreeing that they will not, prior to Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked and that this paragraph 2 shall constitute a collateral contract between you, the Company and Collins Stewart which will become binding upon dispatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
- (iii) warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to have the Ordinary Shares (or Subscription Shares) applied for in uncertificated form credited to a CREST account or to receive a certificate for the Ordinary Shares (or Subscription Shares) applied for in certificated form or to enjoy or receive any rights in respect of such securities unless and until you make payment in cleared funds for the Ordinary Shares subscribed for by you and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot such Ordinary Shares (or Subscription Shares) and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Application Form, without interest);
- (iv) agree that the crediting to a CREST account of any Ordinary Shares and Subscription Shares in uncertificated form to which you may become entitled may be delayed by, and that any certificate in respect of any Ordinary Shares and Subscription Shares in certificated form to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form, may become entitled and monies returnable may be retained by, the Receiving Agent:
 - (a) pending clearance of your remittance;
 - (b) pending investigation of any suspected breach of the warranties contained in sub-paragraph 6(i), (ii), (vi), (viii) or (ix) of these Terms and Conditions of Application or any other suspected breach of these Terms and Conditions of Application; or

- (c) pending any verification of identity which is, or which Collins Stewart or the Receiving Agent consider may be, required for the purposes of the Money Laundering Regulations 2007;

and any interest accruing on any retained monies shall accrue to and for the benefit of the Company;

- (v) agree, on the request of Collins Stewart or the Receiving Agent, to disclose promptly in writing to them such information as Collins Stewart or the Receiving Agent may request in connection with your application and authorise Collins Stewart and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- (vi) agree that, if evidence of identity satisfactory to Collins Stewart and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of Collins Stewart following a request therefor, the Company or Collins Stewart may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn, without interest;
- (vii) agree that you are not applying on behalf of a person engaged in money laundering;
- (viii) undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form;
- (ix) undertake to pay interest at the rate described in paragraph 3.3 of these Terms and Conditions of Application if the remittance accompanying your Application Form is not honoured on first presentation;
- (x) authorise the Receiving Agent to credit the CREST account specified in Box 5 of the Application Form with the number of Ordinary Shares for which your application is accepted or, if that box is not completed, send a definitive certificate in respect of the number of Ordinary Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Application Form;
- (xi) agree that in the event of any difficulties or delays in the admission of the Ordinary Shares to CREST or the use of CREST in relation to the Issue, the Company and Collins Stewart may agree that all of the Ordinary Shares and/or Subscription Shares should be issued in certificated form;
- (xii) authorise the Receiving Agent to send a crossed cheque for any monies returnable by post to your address (or that of the first-named applicant) as set out in your Application Form;
- (xiii) confirm that you have read and complied with paragraph 8 of these Terms and Conditions of Application; and
- (xiv) agree that your Application Form is addressed to the Company and Collins Stewart.

2.2 Any application may be limited, scaled down or rejected in whole or in part.

3. Acceptance of your Offer

3.1 Collins Stewart may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) either:

- (i) by notifying the UK Listing Authority of the basis of allocation (in which case the acceptance will be on that basis); or
- (ii) by notifying acceptance to the Receiving Agent.

- 3.2 The basis of allocation will be determined by Collins Stewart in consultation with the Company. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down or limit any application. The right is also reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with them in some other manner to apply in accordance with these Terms and Conditions of Application. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post after 11:00 a.m. on 15 October 2009.
- 3.3 The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful applicants' cheques. Collins Stewart may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the cheque accompanying your application is not honoured on first presentation. If you are required to pay interest, you will be obliged to pay the amount determined by Collins Stewart to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by Collins Stewart plus 2 per cent. per annum.
- 3.4 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than £1,000 or for a multiple thereafter of less than £1,000.

4. Conditions

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
- (i) admission of the Ordinary Shares by 8.00 a.m. on 23 October 2009 (or such later time or date, not being later than 30 November 2009, as the Company and Collins Stewart may agree); and
 - (ii) the Placing Agreement referred to in paragraph 7.4 of Part V of this document becoming unconditional and the obligations of Collins Stewart thereunder not being terminated.
- 4.2 Accordingly, if either of these conditions are not satisfied or waived (where capable of waiver), the Issue will not proceed and any applications made will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. Revocation of applications for Ordinary Shares cannot occur after dealings have begun.
- 4.3 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5. Return of Application Monies

If any application is rejected, or is accepted in part only or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned, without interest, by returning your cheque, or by crossed cheque in favour of the first-named applicant, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

6. Warranties

By completing an Application Form, you:

- (i) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given

the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;

- (ii) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, warrant that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any such territory or jurisdiction and that you have not taken any action or omitted to take any action which will or may result in the Company, Collins Stewart or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription in respect of your application;
- (iii) confirm that, in making an application, you are not relying on any information or representations in relation to the Company other than those contained in this document (on the basis of which alone your application is made) and, accordingly, you agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such other information or representation;
- (iv) agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained in it;
- (v) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or Collins Stewart;
- (vi) warrant that you are not under the age of 18 on the date of your application;
- (vii) agree that all documents and monies sent by post to, by or on behalf of the Company, Collins Stewart or the Receiving Agent will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- (viii) warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services); and
- (ix) confirm that you have reviewed the restrictions contained in paragraph 8 of these Terms and Conditions of Application and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph.

7. Money Laundering

7.1 Under the Money Laundering Regulations 2007, Capita Registrars may be required to check the identity of persons who subscribe for in excess of the sterling equivalent of Euro 15,000.00 of Ordinary Shares. Capita Registrars may therefore undertake searches for the purposes of verifying identity. To do so Capita Registrars may verify the details against the applicant's identity, but also may request further proof of identity. Capita Registrars reserve the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

7.2 Payments must be made by cheque, bankers' draft or money order in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques, bankers' drafts or money orders to be cleared through the facilities provided for members of any of these companies. Such cheques, bankers' drafts or money orders must bear the appropriate sort code in the top right hand corner. Cheques, which

must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to “Capita Registrars Limited re: Impax Asian Environmental Markets plc Offer for Subscription”. Third party cheques, bankers’ drafts or money orders will not be accepted with the exception of building society cheques, bankers’ drafts or money orders where the building society or bank has entered the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker’s draft or money order and adds its stamp and authorised signature.

- 7.3 You agree that, in order to ensure compliance with the Money Laundering Regulations 2007, the Receiving Agent may, in its absolute discretion, require verification of identity from any person lodging an Application Form who either:
- (i) tenders payment by way of bankers’ draft or money order (in which case verification of your identity may be required); or
 - (ii) appears to the Receiving Agent to be acting on behalf of some other person (in which case verification of the identity of any person on whose behalf you appear to be acting may be required).

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

- 7.4 If you are making the application as agent for one or more persons, you should provide evidence with the Application Form that you are subject to the Money Laundering Directive, confirming your regulated status and naming the regulatory authority of your home state or jurisdiction.

8. Overseas Investors

- 8.1 If you receive a copy of this document or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom wishing to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.2 None of the Ordinary Shares and the Subscription Shares have been, or will be registered under the laws of Canada, Japan, the Republic of South Africa or Australia or under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities legislation of any state or other political sub-division of the United States, Canada, Japan, the Republic of South Africa or Australia and the relevant clearances have not been, and will not be, obtained from the securities commission of any province or territory of the United States, the Republic of South Africa, Canada, Australia or Japan. Accordingly, no Ordinary Shares or Subscription Shares may be offered, sold or delivered, directly or indirectly, in, into or within the United States, Canada, Australia, the Republic of South Africa or Japan or to, or for the account or benefit of, a US Person (as defined in Regulation S of the Securities Act), except in transactions that are exempt from the registration requirements under the Securities Act or other applicable laws. In making your application under the Offer for Subscription you will, unless the Company and Collins Stewart agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a US Person or a resident of Canada, Japan, the Republic of South Africa or Australia and that you are not subscribing for such Ordinary Shares and Subscription Shares for the account of any US Person and will not offer, sell, renounce, transfer or deliver, directly or indirectly. No application will be accepted if it bears an address in the United States, Canada, Japan, the Republic of South Africa or Australia.

9. Miscellaneous

- 9.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Subscription Shares and the Offer for Subscription.
- 9.2 The rights and remedies of the Company, Collins Stewart and the Receiving Agent pursuant to these Terms and Conditions of Application are in addition to any rights and remedies, which would otherwise be available to any of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.3 The Company reserves the right to delay the closing time of the Offer for Subscription from 11.00 a.m. on 15 October 2009 by giving notice to the UK Listing Authority. In this event, the revised closing time will be published in such manner as Collins Stewart, in consultation with the Company, determines subject, and having regard, to the requirements of the UK Listing Authority.
- 9.4 Collins Stewart may terminate the Placing Agreement prior to Admission becoming effective in accordance with its terms. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned to you, without interest.
- 9.5 You agree that Collins Stewart is acting for the Company in connection with the Issue and for no-one else and that Collins Stewart will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares and Subscription Shares or concerning the suitability of Ordinary Shares and Subscription Shares for you or otherwise in relation to the Issue.
- 9.6 You authorise the Receiving Agent, Collins Stewart or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares for which your application is accepted into your name(s) and authorise any representative(s) of the Receiving Agent or of Collins Stewart to execute and/or complete any document required therefore.
- 9.7 You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law and that you irrevocably submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Collins Stewart or the Receiving Agent to bring any action, claim or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 9.8 The dates and times referred to in these Terms and Conditions of Application may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 9.9 Save where the context requires otherwise, terms used in these Terms and Conditions of Application shall bear the same meanings as are ascribed to them elsewhere in this document.
- 9.10 No commissions are available to intermediaries applying under the Offer for Subscription on behalf of clients.
- 9.11 The completion and results of the Placing and Offer for Subscription will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

DEFINITIONS

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

“Administration Services Agreement”	the administration services agreement dated 8 October 2009 between the Company and the Administrator
“Administrator”	Cavendish Administration Limited which acts as administrator and company secretary of the Company
“Admission”	the admission of the Ordinary Shares issued pursuant to the Placing, the Offer and the Subscription Shares to the Official List
“Ajia” and “Investment Adviser”	Ajia Partners Asset Management (HK) Limited
“Application Form”	the application form for use in connection with the Offer set out at the end of this document
“Articles” or “Articles of Association”	the articles of association of the Company
“Asia Pacific Region”	the Asia Pacific region, mainly China, Hong Kong, Taiwan, Japan, South Korea, India, Australia, New Zealand, Singapore, Malaysia, the Philippines and Thailand
“Asia Pacific Environmental Companies”	companies which conduct their business predominantly in the Asia Pacific Region and that provide products and services offering solutions to environmental problems or that improve the efficiency of natural resource use as described under the Investment Policy in Part 1 of this document
“Board” or “Directors”	the Directors of the Company or the board of Directors of the Company
“Business Day”	a day on which banks are open for business in London other than a Saturday or a Sunday
“Canada”	Canada, its possessions, provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof
“Capita Registrars”	a trading name of Capita Registrars Limited
“Companies Act” or “Act”	the Companies Act 2006 as amended from time to time
“Company”	Impax Asian Environmental Markets Plc
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time
“Custodian”	BNP Paribas Securities Services
“Collins Stewart”	Collins Stewart Europe Limited
“Diluted NAV per Ordinary Share” or “Diluted Net Asset Value per Ordinary Share”	the NAV per Ordinary Share adjusted to take into account any potential dilution effect of the Subscription Shares
“EEA”	The European Economic Area

“Environmental Markets”	those segments within basic services industries which are characterised by cleaner or more efficient solutions, particularly alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“FSA”	Financial Services Authority
“HMRC”	HM Revenue & Customs
“ICTA”	the Income and Corporation Taxes Act 1988 as amended
“Investment Policy”	the investment policy of the Company described in Part I of this document
“ISA”	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
“Issue”	the issue of up to 200 million Ordinary Shares pursuant to the Placing and the Offer for Subscription at the Issue Price and the bonus issue of up to 40 million Subscription Shares on the basis of one Subscription Share for every five Ordinary Shares subscribed in the Placing and Offer for Subscription
“Issue Price”	100p per Ordinary Share
“Listing Rules”	the Listing Rules made by the UK Listing Authority
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	the management agreement dated 8 October 2009 between the Company and the Manager
“Manager”	Impax Asset Management Limited
“NAV” or “Net Asset Value”	the total value of all the assets of the Company less its liabilities calculated in accordance with the Company’s accounting policies
“NAV per Ordinary Share” or “Net Asset Value per Ordinary Share”	the total value of all the assets of the Company less its liabilities calculated in accordance with the Company’s accounting policies divided by the number of Ordinary Shares in issue excluding any shares held in Treasury
“Net Proceeds”	the net cash proceeds of the Issue (after deduction of all expenses and commissions of the Issue)
“Offer for Subscription” or “Offer”	the offer for subscription of the Ordinary Shares as described in this document
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 1p each of the Company
“Overseas Investor”	a person who is not resident in, or who is outside or who has a registered address outside, the United Kingdom

“Placing”	the placing by Collins Stewart and the Placing Agent of up to 200 million Ordinary Shares at the Issue Price pursuant to the Placing Agreement
“Placing Agent”	Kepler Partners LLP
“Placing Agreement”	the agreement dated 8 October 2009 between the Company, the Manager, Collins Stewart and the Placing Agent a summary of which is set out in paragraph 7.4 of Part V of this document
“Prospectus Rules”	the Prospectus Rules made by the FSA under Part V of Financial Services and Markets Act 2000 as amended from time to time
“Receiving Agent”	Capita Registrars
“Shares”	Ordinary Shares and Subscription Shares
“Statutes”	the Companies Act 1985, the Companies Act 2006 and every other statute for the time being in force concerning companies and affecting the Company
“Sterling”	the lawful currency of the United Kingdom
“Subscription Share”	a subscription share of 0.1p each of the Company
“UK”	the United Kingdom
“UK Listing Authority”	the Financial Services Authority in its capacity as the competent authority for listing under Financial Services and Markets Act 2000
“United States”	the United States of America, its states, territories and possessions, including the District of Columbia

GUIDE TO COMPLETING THE APPLICATION FORM

Before completing the Application Form, ALL APPLICANTS should read notes 1-5, 7 and 8 below. JOINT APPLICANTS should also read note 6 below.

1. Personal Details

Fill in (in BLOCK CAPITALS) the full name and address of the applicant in Box 1. If this application is being made jointly with other persons, please read note 6 below before completing Box 1.

2. Application

Fill in (in figures) the fixed sum, in sterling, being the aggregate value at the Issue Price of the Ordinary Shares and the Subscription Shares that you wish to apply for under the Offer for Subscription in Box 2. Your application must be for a minimum aggregate value of £1,000 and thereafter in multiples of £1,000. Multiple applications are not permitted.

3. Signature

The applicant(s) named in Box 1 must date and sign Box 3. The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

4. How to Pay

Attach a cheque or banker's draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or banker's draft must be made payable to "Capita Registrars Limited re: Impax Asian Environmental Markets plc Offer For Subscription a/c" and crossed "A/C Payee". Your payment must relate solely to this application. No receipt will be issued. Your cheque or banker's draft must be drawn in sterling on an account at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number and must be drawn on an account to which you have sole or joint title. Third party cheques will not be accepted, with the exception of bankers drafts or building society cheques endorsed on the reverse by the bank or building society with the name, address and account number of the account holder, together with the bank or building society stamp and authorised signature. Applications with a value of €15,000 (or the sterling equivalent) or greater, which are to be settled by way of a banker's draft or building society cheque, which has been suitably endorsed by the Bank or Building Society, will be subject to the United Kingdom's verification of identity requirements which are contained in the Money Laundering Regulations 2007. For UK applicants, this may involve verification of names and addresses (only) through a reputable agency. For non-UK applicants, verification of identity may be sought from your bankers or from another reputable institution or professional adviser in the applicant's country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 11.00 a.m. on 15 October 2009, your application may not be accepted.

5. CREST

If you wish to register your Ordinary Shares and Subscription Shares directly into your CREST account you should insert the relevant details in Box 5. If you do not complete Box 5, you will receive your Ordinary Shares and Subscription Shares in certificated form.

6. Joint Applicants

If you make a joint application, you will not be able to transfer your Ordinary Shares and Subscription Shares into an ISA. If you are interested in transferring your Ordinary Shares and Subscription Shares into an ISA, you should apply in your name only. If you do wish to apply jointly, you may do so with

up to three other persons. The first applicant must complete the first entry in Box 1 and also Box 3. All other persons who wish to join in the application must complete the remaining entries in Box 1 and sign and date the corresponding entry in Box 3. Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques or other correspondence will be sent to the first applicant in Box 1.

7. Contact Telephone Number

Insert in Box 4 a daytime contact telephone number, including STD (and, if different, from the person named in Box 1, the name of the person to contact) in the case of any queries regarding your application.

8. Instructions for Delivery of Completed Application Forms

Completed Application Forms should be returned, by post to or by hand only (during normal business hours only) to Capita Registrars Limited, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by no later than 11.00 a.m. on 15 October 2009, together, in each case, with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least three Business Days for delivery. Application Forms received after 11.00 a.m. on 15 October 2009 may be returned.

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IMPAX ASIAN ENVIRONMENTAL MARKETS plc
OFFER FOR SUBSCRIPTION APPLICATION FORM

IMPORTANT: Before completing this form, you should read the notes set out in the “Procedure for Application” section of this document. All applicants must complete Boxes 1 to 4 and if applicable Box 5.

Box 1

First Applicant

Title	Surname
Forename(s)	
Address	
	Postcode

Joint applicant (if applicable)

Title	Surname
Forename(s)	

Joint applicant (if applicable)

Title	Surname
Forename(s)	

Joint applicant (if applicable)

Title	Surname
Forename(s)	

Please return the completed form, by post or by hand only (during normal business hours only) to Capita Registrars Limited, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 11.00 a.m. on 15 October 2009. If you have a query concerning completion of this Application Form, please call Capita Registrars on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers’ costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offer for Subscription nor give any financial, legal or tax advice.

2. Application

I/We offer to subscribe for the number of Ordinary Shares at the issue price of 100p per Ordinary Share for which my/our application is accepted on and subject to the terms and conditions of application set out in the prospectus dated 8 October 2009 and subject to the articles of association of the Company.

Number of Shares	At 100 pence per share	£
<i>Write in figures the total number of shares you wish to subscribe for (minimum of 1,000 and thereafter in multiples of £1,000)</i>	<i>Write, in figures, the aggregate value, at the issue price of 100p per Ordinary Share that you wish to subscribe for (minimum of £1,000 and thereafter in multiples of £1,000)</i>	



3. Signatures

All applicants must sign here (in the order they appear above). Any person signing this Application Form under a Power of Attorney must enclose the original or certified copy of such document for inspection

Please sign here →	First or sole holder:		Third holder (if any)	
	Usual signature		Usual signature	
	Date		Date	
	Second holder (if any)		Fourth holder (if any)	
	Usual signature		Usual signature	
	Date		Date	

4. Contact Telephone Number

Contact Name		<i>(Insert a daytime contact telephone number, including STD (and, if different, from the person named in Box 1 above, the name of the person to contact), in the case of any queries regarding your application)</i>
Telephone Number		

5. CREST Details *(Only complete this section if you wish to register the Ordinary Shares and the Subscription Shares issued pursuant to your application directly into your CREST account)*

CREST participant ID	CREST Member Account ID
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How to Pay

	(Pin your cheque or banker's draft at the top of the first page for the exact amount shown in Box 2. Your cheque or banker's draft must be made payable to " Capita Registrars Limited re: Impax Asian Environmental Markets plc Offer For Subscription a/c " and crossed " A/C Payee ". Your payment must relate solely to this application. No receipt will be issued. The right is reserved to reject any application in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation. Please also see note 7 in the " Terms and Conditions of Application " section of the prospectus, and the additional notes below, relating to compliance with the requirements of the UK Money Laundering Regulations 2007.)
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United Kingdom Money Laundering Regulations – Applications in Excess of €15,000 (or the pounds sterling equivalent)

If the value of the Ordinary Shares and the Subscription Shares for which you subscribe exceeds €15,000 (or the pounds sterling equivalent) and **you use a building society cheque, banker's draft or money order**, you 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, banker's draft or money order and adds its stamp and authorised signature.

Please note that if the above requirements are not fulfilled and suitable evidence of identity cannot be obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 11.00 a.m. on 15 October 2009, your application may be rejected.

Registered office:
145-157 St John Street, London, EC1V 4RU

Telephone: 020 7490 4355

This Prospectus has been printed on
Forest Stewardship Council
approved paper.