THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek immediately your own personal financial advice from your independent financial adviser, stockbroker, bank manager, solicitor, accountant or from an appropriately qualified independent adviser authorised pursuant to the Financial Services and Markets Act 2000, as amended if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser.

This document which comprises a circular prepared in compliance with Chapter 13 of the Listing Rules and a prospectus relating to Better Capital Limited and the Firm Placing and Placing and Open Offer, has been prepared in accordance with the Prospectus Rules of the UK Listing Authority (made under section 73A of FSMA) and has been approved by the Financial Services Authority (the "**FSA**") in accordance with section 85 of FSMA. A copy of this document has been filed with the FSA in accordance with paragraph 3.2 of the Prospectus Rules. This document, together with the documents incorporated by reference (as set out in Part 13 of this document) will be made available to the public in accordance with paragraph 3.2 of the Prospectus Rules by the same being made available, free of charge, at www.bettercapital.gg, at the Company's registered office and by a written request to the Company's Registrar from its offices, details of which are set out on page 37 of this document.

If you sell, have sold or otherwise transferred all of your registered holding of Existing Shares in the Company before the date on which the Existing Shares were marked "ex" the entitlement to participate in the Open Offer by the London Stock Exchange please send this document, the Form of Proxy and (if applicable) the Non-CREST Application Form at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom or by whom the sale or transfer was made, for delivery to the purchaser or transferee. However, this document, the Form of Proxy and the Non-CREST Application Form should not be forwarded or sent in, into or from a Restricted Jurisdiction or any other jurisdiction that may be restricted by law. If you sold or otherwise transferred only part of your registered holding of Shares before the Ex-Entitlements Date, please immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected and in the case of Qualifying Non-CREST Shareholders, please refer to the instructions regarding split applications set out in the Non-CREST Application Form. If the Existing Shares which were sold or transferred were held in uncertificated form and were sold or transferred before the Ex-Entitlements Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee.

The distribution of this document and/or the accompanying documents and/or the transfer of Open Offer Entitlements through CREST and/or the offering of Open Offer Shares into a jurisdiction other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or any accompanying documents comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdictions. In particular, subject to certain exceptions, this document, and any accompanying documents should not be distributed, forwarded to or transmitted in or into any Restricted Jurisdiction. The attention of Overseas Shareholders and any person (including, without limitation, stockbrokers, banks or other agents) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the UK is drawn to paragraph 6 of Part 7 *(Terms and Conditions of the Open Offer)* of this document.

The Existing Shares are admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities. Application will be made to the UK Listing Authority for the 2012 Shares to be admitted to the Official List (listing category premium equity closed ended investment funds) and to the London Stock Exchange for the 2012 Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the 2012 Shares on the London Stock Exchange's main market will commence at 8.00 a.m. (London time) on 13 January 2012. The Admission of the 2012 Shares to trading on the London Stock Exchange's main market is conditional upon the Existing Shareholders voting in favour of the Resolutions at the Extraordinary General Meeting. No application has been, or is currently intended to be, made for the Existing Shares and the 2012 Shares to be admitted to listing or traded on any other stock exchange.

Better Capital Limited

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered number 51194 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Recommended proposals relating to the Conversion of the Company into a Protected Cell Company

Firm Placing and Placing and Open Offer of up to 200 million of the 2012 Shares in the Better Capital 2012 Cell at 100 pence per 2012 Share

Notice of Extraordinary General Meeting

Numis Securities Limited

Sponsor, Broker, Financial Adviser and Global Co-ordinator

The Directors, whose names appear on page 37 of this document, 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.

You should read the whole of this document. In particular, your attention is drawn to the "Risk Factors" section of this document for a description of certain important factors, risks and uncertainties that may affect the Company's business and the 2012 Shares and which should be taken into account when considering whether to vote in favour of the Resolutions or to make an application under the Open Offer or otherwise invest in Shares. Your attention is also drawn to the letter from the Chairman of the Company set out in Part 1 of this document.

Notice of an Extraordinary General Meeting of the Company, to be held at the offices of Heritage International Fund Managers Limited, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY on 11 January 2012 at 10.00 a.m. is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. Shareholders are requested to complete and return the Form of Proxy whether or not they intend to be present at the meeting. To be valid, Forms of Proxy should be completed and signed in accordance with the instructions printed thereon and returned by post or by hand during normal business hours only so as to reach the Registrar as soon as possible and, in any event, by no later than 10.00 a.m on 9 January 2012. Return of a Form of Proxy will not preclude a Shareholder from attending and voting at the Extraordinary General Meeting. Proxy appointments and voting directions may also be completed electronically and details are given in the Notice of Extraordinary General Meeting set out at the end of this document.

Numis, which is authorised and regulated in the UK by the FSA, is acting exclusively for the Company and no one else in connection with the Conversion and Firm Placing and Placing and Open Offer and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Conversion or the Firm Placing and Placing and Open Offer and will not be responsible to anyone other than the Company

for providing the protections afforded to its clients or for providing advice in connection with the Conversion and Firm Placing and Placing and Open Offer or any other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by the FSMA or the regulatory regime established thereunder, Numis does not accept any responsibility whatsoever or make any representation or warranty, express or implied, in respect of the contents of this document, including its accuracy, completeness or verification, in respect of any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Open Offer Entitlements, the Shares, the Conversion and Firm Placing or Placing and Open Offer, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Numis accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this document or any such statement.

In considering whether to apply for 2012 Shares, you should rely only on information contained in this document. Recipients of this document acknowledge that: (i) they have not relied on the Company, the Consultant or Numis or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document and that no person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Numis. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this document nor any subscription of shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained in this document is correct at any time subsequent to, the date of this document. No statement in this document is intended as a profit forecast.

In the event that the Company is required to publish a supplementary prospectus pursuant to section 87G of the FSMA and paragraph 3.4 of the Prospectus Rules, Qualifying Shareholders will, pursuant to section 87Q of the FSMA, have a statutory right to withdraw their acceptance to subscribe for Open Offer Shares pursuant to the Open Offer before the end of the period of two working days beginning with the first working day after the date on which the supplementary prospectus was published.

Capitalised terms have the meanings ascribed to them in Part 14 *(Definitions)* of this document.

Qualifying Non-CREST Shareholders, other than, subject to certain exceptions, those with registered addresses in the United States or any other Restricted Jurisdiction, will be sent a Non-CREST Application Form. Qualifying CREST Shareholders (who will not receive a Non-CREST Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements and Excess CREST Open Offer Entitlements which will be enabled for settlement on 20 December 2011. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Shares prior to the date on which the Existing Shares were marked "ex" the entitlement to participate in the Open Offer by the London Stock Exchange. If the Basic Entitlements and Excess CREST Open Offer Entitlements are for any reason not enabled by 8.00 a.m. on 20 December 2011 or such later time and/or date as the Company may decide, a Non-CREST Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. The Non-CREST Application Form is personal to the relevant Qualifying Shareholder(s) named thereon and cannot be transferred, sold or assigned except to satisfy *bona fide* market claims.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 10 January 2012. The procedures for acceptance and payment are set out in Part 7 of this document and for the Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Excluded Overseas Shareholders) only, also in the Application Form. Qualifying CREST Shareholders should refer to paragraph 4 of Part 7 of this document.

The 2012 Shares have not been approved or disapproved by the SEC, any US state securities commission or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the 2012 Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Subject to certain exceptions, neither this document nor the Non-CREST Application Form is or constitutes an invitation or offer of 2012 Shares to any person with a registered address, or who is resident or located, in the United States or any other Restricted Jurisdiction. The 2012 Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The 2012 Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. There will be no public offer in the United States or any other Restricted Jurisdiction.

The 2012 Shares are being offered and sold either (i) outside the United States in offshore transactions within the meaning of and in accordance with the safe harbour from the registration requirements in Regulation S under the Securities Act or (ii) in the United States in private placement transactions not involving any public offering in reliance on the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) under the Securities Act or another applicable exemption therefrom.

Overseas Shareholders and any person (including, without limitation, nominees, custodians, trustees and agents) who has a contractual or other legal obligation to forward this document or any Non-CREST Application Form, if and when received, or any other document to a jurisdiction outside the UK, are referred to paragraph 6 entitled "Overseas Shareholders" in Part 7 *(Terms and Conditions of the Open Offer)* of this document.

The Company has been declared to be a Registered Closed-ended Collective Investment Scheme by the Guernsey Financial Services Commission under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. Neither the States of Guernsey Policy Council nor the Guernsey Financial Services Commission take any responsibility for the soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

This document has not been reviewed by the Guernsey Financial Services Commission and in granting registration, the Guernsey Financial Services Commission has relied upon specific warranties provided by Heritage International Fund Managers Limited, the Company's designated manager. A Registered Closed-ended Collective Investment Scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by appropriately licensed entities.

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

Without limitation, neither the contents of the Company's websites (or any other website) nor the content of any website accessible from hyperlinks on any of the Company's websites (or any other website) is incorporated into, or forms part of this document.

This prospectus is dated 19 December 2011.

Contents

Summary Information

The following information should be read as an introduction to this document. Any decision to invest in the transferable securities of the Company by the investor should be based on consideration of this document as a whole including the information incorporated by reference into this document. Prospective investors should read the whole of this document including the information incorporated by reference into this document and not rely solely on the following summarised information. Investors should note that if a claim relating to information contained in this document and/or the documents incorporated herein by reference is brought by an investor before a court in a member state of the European Economic Area, a plaintiff investor might, under the national legislation of the member state where the claim is brought, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document.

1. INTRODUCTION

Better Capital Limited is incorporated in Guernsey with limited liability and unlimited life and registered with the Commission as a Registered Closed-ended Collective Investment Scheme.

It proposes to raise gross proceeds of up to approximately £200 million by way of a Firm Placing and Placing and Open Offer of 2012 Shares. The Firm Placing and Placing and Open Offer will comprise a total of up to approximately 200 million 2012 Shares at a price of 100 pence per 2012 Share. The Board proposes to:

- convert the Company into a protected cell company with assets and liabilities separately segregated into separate cells;
- create Better Capital 2009 Cell to which all of the current members, shares, capital, assets and liabilities of the Company including through its investment in Better Capital Fund I will be attributed;
- create Better Capital 2012 Cell which will raise capital through the issue of the 2012 Shares for investment in Better Capital Fund II (and which will assume the Transaction Liabilities); and
- facilitate the participation of the Company's current shareholders in the further fundraising through the Open Offer.

Following Conversion, the Existing Shares shall become the 2009 Shares representing interests in the 2009 Cell.

The 2009 Shares will continue to be admitted to the Official List (listing category premium equity closed ended investment funds) and to trading on the Main Market of the London Stock Exchange.

Application will be made for admission of the 2012 Shares to the Official List of the UK Listing Authority (listing category premium equity closed ended investment funds) and to trading on the Main Market of the London Stock Exchange.

2. THE COMPANY'S INVESTMENT POLICY FOLLOWING CONVERSION

Subject to and following Conversion, the Company's investment policy will be amended to reflect the position that there will be two discrete, segregated pools of assets, one represented by the 2009 Cell and one represented by the 2012 Cell.

Following Conversion, the Company will continue with the investment objective to generate attractive total returns for its Shareholders by investing in two funds which will invest in portfolios of distressed businesses.

2.1 Better Capital Fund I Investment objective and policy

Fund I, which is now substantially invested, seeks to invest in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on investments in businesses which have significant activities within the United Kingdom or Ireland.

Fund I Investment restrictions

Fund I must, at all times, invest and manage its assets in a way which spreads investment risk and in accordance with the following.

Fund I will not:

- without the consent of the Company acting through the 2009 Cell invest directly or indirectly, (excluding any Bridging Investments) an aggregate amount representing, at the time of investment, more than 20 per cent. of the Fund I Total Commitments in the securities of any one company or group of companies;
- invest more than 10 per cent. of the Fund I Total Commitments (at the time of investment) in quoted companies or securities representing or convertible into quoted securities, provided that such restriction shall not apply to:
  - quoted positions in companies in respect of which there is an intention to become unquoted, or which become quoted after investment by Fund I;
  - the short term investment of monies pending deployment into turnaround opportunities; or
  - investments that have the character of a private equity investment;
- engage in speculative investment in activities such as commodities, commodity contracts or forward currency contracts (other than investment activities which are protective of the interests of Fund I);
- enter into any transaction where a security is sold short or where Fund I has an uncovered position; or
- other than as required for the purposes of hedging in connection with efficient portfolio management invest at any time in any option, futures contract, total return swap, derivative, contract for difference or other similar instrument (excluding convertible securities or similar arrangements).

Fund I Investment Period

The Fund I Investment Period is the period from 21 December 2009 to 31 December 2012, provided that such period may be extended by up to 12 calendar months by the Fund I GP with the consent of the Company acting in relation to the 2009 Cell.

2.2 **Better Capital Fund II Investment objective and policy**

Fund II will seek to invest in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on investments in businesses which have significant activities within the United Kingdom or Ireland.

Fund II will seek to spread investment risk by constructing a portfolio diversified by the number of investments and by sector exposures. Specifically, it is intended that Fund II will invest in a minimum of six companies or groups of companies.

Fund II Investment restrictions

Fund II must, at all times, invest and manage its assets in a way which spreads investment risk and in accordance with the following.

Fund II will not:

- invest directly or indirectly, (excluding any Bridging Investments) an aggregate amount representing, at the time of investment, more than:
  - 30 per cent. of the Fund II Total Commitments in the securities of any one company or group of companies; or
  - 20 per cent. of the Fund II Total Commitments in (i) the securities of companies which have significant activities outside of the United Kingdom or Ireland, and/or

(ii) investments which do not (when taken together with the co-investments held by any parallel vehicles), whether by voting rights or otherwise, confer control (directly or indirectly) over the relevant business;

- invest more than 10 per cent. of the Fund II Total Commitments (at the time of investment) in quoted companies or securities representing or convertible into quoted securities, provided that such restriction shall not apply to:
  - quoted positions in companies in respect of which there is an intention to become unquoted, or which become quoted after investment by Fund II;
  - the short term investment of monies pending deployment into turnaround opportunities; or
  - investments that have the character of a private equity investment;
- engage in speculative investment in activities such as commodities, commodity contracts or forward currency contracts (other than investment activities which are protective of the interests of Fund II);
- enter into any transaction where a security is sold short or where Fund II has an uncovered position; or
- other than as required for the purposes of efficient portfolio management, invest at any time in any option, futures contract, total return swap, derivative, contract for difference or other similar instrument (excluding convertible securities or similar arrangements).

Fund II Investment Period

The Fund II Investment Period is the period from the date on which Fund II receives the Net Placing Proceeds from the 2012 Cell (which the Company intends to be within five Business Days of Admission) to 31 December 2014. Such period may be extended by up to 12 calendar months by the Fund II GP with the consent of the Company acting in relation to the 2012 Cell. In the event that the 2012 Cell increases its commitment to Fund II following a Follow-on Fundraising or any parallel vehicle is established, the Fund II Investment Period may be extended by such additional periods as the Company acting in relation to the 2012 Cell and the Fund II GP may agree.

3. THE FIRM PLACING AND PLACING AND OPEN OFFER

Qualifying Shareholders will have a Basic Entitlement of:

one Open Offer Share for every five Existing Shares

registered in the name of each Qualifying Shareholder on the Record Date.

Qualifying Shareholders may also apply for Excess Shares and such applications may be allocated at the Directors' absolute discretion.

4. CONDITIONALITY

The Firm Placing and Placing and Open Offer is conditional, *inter alia*, upon the following:

(a) the passing of the Resolutions;

(b) Admission by not later than 8.00 a.m. on 13 January 2012 (or such later date as may be agreed between the Company and Numis being no later than 31 January 2012); and

(c) the Placing Agreement becoming unconditional in all respects.

5. CURRENT TRADING AND PROSPECTS

Since the Company's migration to the Main Market on 8 July 2010, the effects of the recession experienced by the UK economy have continued and resulted in businesses suffering from poor trading conditions and restricted corporate credit. This economic backdrop has presented Fund I with a significant number of attractive opportunities, many of which have not just required access to capital but also access to operational expertise to improve operational performance.

6. RISK FACTORS

Investors should read the Risk Factors set out in this document.

Risks relating to the Firm Placing and the Placing and Open Offer

- The voting rights of Shareholders in general meeting of the Company may be diluted.
- Shareholders with a registered address outside the UK may not be able to participate in the Firm Placing and Placing and Open Offer.

Risks relating to Better Capital 2009 Cell's investment in Better Capital Fund I

- The 2009 Cell will have very limited ability to redeem its investment in Fund I.

Risks relating to the business of Better Capital Fund I

- Failure by service providers to Fund I to perform their obligations could materially disrupt or damage the business of Fund I.
- The performance of Fund I may be adversely affected should key individuals cease to provide their services.
- Borrowings could adversely affect the 2009 Cell NAV and any distributions by the 2009 Cell.

Risks relating to the nature and characteristics of Better Capital Fund I's investments

- Fund I's investments in distressed businesses could subject the 2009 Cell to a risk of loss.
- Some investments may expose Fund I to various types of liability.
- Fund I's investments will generally be illiquid.
- Shares in investee companies will usually rank behind all other claims in those companies.
- The amount which Fund I has invested may exceed the proceeds achieved on realisation.
- Making and exiting investments requires an estimation of future values and will depend upon the success of the implementation of turnaround strategy.
- Through some of its investments, Fund I is exposed to foreign exchange risk.

Risks relating to the Fund I GP and the Consultant

- Fund I's performance is dependent on the Fund I GP and the Consultant.
- Historical returns may not be indicative of future performance.
- Carried interest may not fully align Fund I's interests with those of the Fund I GP and/or the Consultant and/or the Company.
- Terminating the Fund I GP's appointment or the Fund I Consultancy Services Agreement may be difficult and costly.

Risks relating to Better Capital 2012 Cell's investment in Better Capital Fund II

- The 2012 Cell will have very limited ability to redeem its investment in Fund II.
- Parallel investment vehicles may be established which would co-invest alongside Fund II and the interests and position of such co-investors and the terms of the co-investment may not be directly aligned with the interests of Shareholders in Fund II.

Risks relating to the business of Better Capital Fund II

- Failure by service providers to Fund II to perform their obligations could materially disrupt or damage the business of Fund II.
- The performance of Fund II may be adversely affected should key individuals cease to provide their services.
- Fund II will operate in a competitive environment.
- Borrowings could adversely affect the 2012 Cell NAV and any distributions by the 2012 Cell.

Risks relating to the nature and characteristics of Better Capital Fund II's investments

- Concentration of investments could have a material adverse effect on the performance of Fund II.
- Fund II's investments in distressed businesses could subject the 2012 Cell to a risk of loss.
- Some investments may expose Fund II to various types of liability.
- Fund II's investments will generally be illiquid.
- Shares in investee companies will usually rank behind all other claims in those companies and Fund II could fail to recover all or part of its investment.
- Fund II's investments may, directly or indirectly, be in businesses that are highly indebted.
- Fund II may not be able to identify and acquire suitable investments in a timely fashion or at all.
- The amount which Fund II invests may exceed the proceeds achieved on realisation.
- Due diligence processes which may be undertaken may not reveal all material facts or circumstances.
- Making and exiting investments requires an estimation of future values and will depend upon the success of the implementation of turnaround strategy.
- Fund II may be exposed to foreign exchange risk.

Risks relating to the Fund II GP and the Consultant

- Fund II's performance is dependent on the Fund II GP and the Consultant.
- Historical returns may not be indicative of future performance.
- Carried interest may not fully align Fund II's interests with those of the Fund II GP and/or the Consultant and/or the 2012 Cell.
- Terminating the Fund II GP's appointment or the Fund II Consultancy Services Agreement may be difficult and costly.

Risks relating to the Company and the businesses of Better Capital Fund I and/or Better Capital Fund II

- Changes in law or regulations including the implementation of the Alternative Investment Fund Mangers Directive may adversely affect the ability of Fund I and/or Fund II to carry on their respective businesses, their respective performances and returns to their respective Cells.

Risks relating to the Company as a Protected Cell Company

- Jurisdictions other than Guernsey may not be prepared to recognise the segregation of assets and liabilities between Cells and between the Core and the Cells.
- The Court may order that any liability a Director has for failing to inform a third party that it is contracting with a PCC or cell may be met from the segregated assets of the PCC.
- Solvency issues for one of the cells in a PCC could, in limited circumstances, restrict the ability of other cells to make distributions.
- Certain matters, in particular any changes to the Company's published investment policy, require approval of the Shareholders voting in general meeting.
- The Takeover Code applies to the Company as a whole rather than to the separate Cells.

Risks relating to an investment in the 2009 Shares and/or 2012 Shares

- Shareholders will have no right of redemption and must rely, in part, on the existence of a liquid market in order to realise their investment.
- The Shares may trade at a discount to the relevant NAV.
- The relevant NAV will fluctuate over time partly by reference to the performance of the relevant investments and distributions.

- Local laws or regulations may mean that the status of the Company and the Shares are uncertain or subject to change.

Risks relating to taxation

- The non-UK tax residence or non-trading status of the Company could be challenged or transactions could be taxed under certain UK anti-avoidance rules.
- Changes in tax legislation could result in adverse changes in the tax position of the Company and Fund I and Fund II or the imposition of additional and possibly material tax liabilities on Shareholders.

Risk Factors

The business of the Company, and any investment in the Shares and the Firm Placing and Placing and Open Offer are all subject to risks and uncertainties. Certain of these may prevent the Company from increasing its Net Asset Value and/or may cause the value of the Shares to decline significantly. Investors could lose all of their investment in the Company.

Consequently, Shareholders and prospective investors contemplating an investment in the Shares should recognise that the market value of the Shares can fluctuate and may not reflect the underlying Net Asset Value. No express or implied guarantee is given that Shareholders will receive back any of the original investment, or that the Shares will not trade at a discount to the Net Asset Value. The Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in both the Shares and the underlying investments of Fund I and Fund II; and (ii) who fully understand and are willing to assume the risks involved in such an investment.

An investment in the Shares involves a considerable degree of risk. Shareholders and prospective investors should carefully consider all the information contained in this document including all the information incorporated by reference including, in particular, the risks described below. The Directors believe that the risks described below are the material risks relating to the Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem to be immaterial at the date of this document, may also have an adverse effect on the Company's business or the market value of the Shares. Prospective investors should review this document and the information incorporated by reference carefully and in its entirety and consult with their authorised professional advisers before deciding whether to invest in the Shares.

Risks relating to the Firm Placing and the Placing and Open Offer

The voting rights of Shareholders in general meeting of the Company will be reduced by the Firm Placing, and will be further reduced to the extent that Shareholders do not take up the offer of 2012 Shares under the Open Offer

The legal segregation of separate and distinct cells in the Company in accordance with the Companies Law has the effect that the economic interest of the holders of the 2009 Shares in Fund I shall remain undiluted following Conversion and the issue of the 2012 Shares pursuant to the Firm Placing and Placing and Open Offer. However, holders of the 2012 Shares will be entitled to vote at general meetings of the Company and the ability of the holders of the 2009 Shares to control the direction and conduct of the Company through exercise of voting rights in general meetings of the Company will be diluted. The Company's proposals in relation to Conversion include certain measures and protections to ensure that matters affecting a Cell cannot be implemented without the consent of the holders of Shares in the relevant Cell, but the voting rights on general matters such as appointment and removal of directors of the Company, approval of the Company's annual report and accounts and other matters will be diluted.

Qualifying Shareholders (including Shareholders in the United States and any other Restricted Jurisdiction and other jurisdictions where participation is restricted for legal, regulatory or other reasons) who do not take up any of their Basic Entitlement (and who do not take up any Excess Shares under the Excess Application Facility) will suffer a dilution their overall voting rights in relation to the Company as a whole which will impact on their ability to direct decisions of the Company in general meeting.

Shareholders with a registered address outside the UK may not be able to participate in the Firm Placing and Placing and Open Offer

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Firm Placing and Placing and Open Offer. In particular, the exercise of Open Offer Entitlements may not be available to Shareholders with a registered address in any country outside the UK. Subject to certain limited exceptions, non-UK Shareholders are not able to exercise Open Offer Entitlements granted in respect of the 2012 Shares under the Open Offer and will not receive the economic benefit (if any) of such entitlements. Their proportionate ownership interests in the Company will therefore be diluted, although their economic interest in the 2009 Cell will remain undiluted. Non-UK Shareholders, or Qualifying Shareholders who have registered addresses outside the UK, or

who are citizens of or resident in countries other than the UK (including, without limitation, the United States or any other Restricted Jurisdiction) should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to receive the 2012 Shares or to take up their entitlements under the Open Offer.

Risks relating to Better Capital 2009 Cell's investment in Better Capital Fund I

The 2009 Cell will have very limited ability to redeem its investment in Fund I

Pursuant to the terms of the Fund I Partnership Agreement, without the consent of the Fund I GP, the 2009 Cell may not transfer or redeem its interest in, or otherwise withdraw from, Fund I. If a material adverse event occurs in relation to Fund I or the market generally, the ability of the 2009 Cell to avoid or mitigate further adverse exposure is limited by its limited ability to redeem its interest in, or otherwise withdraw from, Fund I. This could have a materially adverse effect on the value of the 2009 Shares and the ability of investors to dispose of the 2009 Shares at a satisfactory price or at all.

Risks relating to the business of Better Capital Fund I

Failure by service providers to Fund I to perform their obligations could materially disrupt or damage the business of Fund I with adverse effects on its business or performance

Fund I has no employees and relies upon the performance of third-party service providers to perform its executive functions. In particular, the performance of the 2009 Cell will be reliant on the Fund I GP which has complete discretion as to the implementation and realisation of the investment policy as it applies to Fund I. In particular, the 2009 Cell's performance is likely to be dependent on the effectiveness of the Fund I GP's management of Fund I investments and on the effectiveness of the Consultant and others in the provision of consultancy services to BECAP GP. Moreover, no assurance can be given that the Consultant will provide sufficiently effective Fund I Consultancy Services in relation to Fund I which is now substantially invested. The 2009 Cell has no direct control over the investments made by Fund I. Failure by any service provider to carry out its obligations to Fund I in accordance with the terms of its appointment without exercising due care and skill, or to perform its obligations to Fund I at all as a result of insolvency or other causes could have a materially adverse effect on the performance of Fund I and returns to the 2009 Cell. The termination of Fund I's relationship with any third-party service provider, or any delay in appointing a replacement for such service provider, could materially disrupt the business of Fund I and could have a material adverse effect on the performance of Fund I and returns to the 2009 Cell.

The performance of Fund I may be adversely affected should one or more key individuals cease to provide their services to Fund I

The success of Fund I and, in turn, the 2009 Cell depend on the diligence, skill and business contacts of the Fund I GP, in particular, of Jon Moulton, the sole shareholder in the Fund I GP Company. Although Fund I is effectively at the end of the Fund I Investment Period as it is now substantially invested, the continued success of Fund I will depend upon the effectiveness of the Consultant providing the Fund I Consultancy Services, which in turn will depend on the continued service, in their respective positions, of certain individuals, principally Jon Moulton, Mark Aldridge and Nick Sanders. The Company cannot predict the impact that any departures or disabilities of any such individuals would have on the ability of Fund I and, in turn, the ability of the 2009 Cell to implement and realise the investment policy as it applies to Fund I. The departure of any of these individuals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on the performance of Fund I and returns to the 2009 Cell.

Borrowings could adversely affect the 2009 Cell NAV and the level of any distributions that may be paid to the 2009 Cell

Fund I may borrow money on a short-term basis (being 12 months or less) for any purpose, provided that such borrowing shall not at any time exceed 10 per cent. of Fund I Total Commitments. The use of such debt exposes the 2009 Cell to limited capital risk and interest costs.

Risks relating to the nature and characteristics of Better Capital Fund I's investments

Investments in distressed businesses involve a substantial degree of inherent risk

Fund I has generally acquired controlling interests in businesses which have experienced significant operating issues and may have associated financial distress, including businesses involved in insolvency proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. A successful turnaround of an investee business and/or the circumstances in which the rights attaching to a debt investment to convert such investment to equity may not be achieved. The level of analytical sophistication, both financial and legal, necessary for successful investment in businesses experiencing significant operating issues and associated financial distress is unusually high. There is no assurance that the Fund I GP has or will continue to evaluate correctly the nature and magnitude of the various factors that could affect the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to a business in which Fund I invests, Fund I may lose its entire investment or may be required to accept cash or securities with a value less than its original investment. These matters could have a material adverse effect on the performance of Fund I and returns to the 2009 Cell.

Additionally, it is frequently difficult to obtain accurate information, indeed such information may not exist, as to the condition of such entities. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the courts' power to disallow, reduce, subordinate or disenfranchise particular claims. As a result, Fund I may have difficulties in valuing or liquidating positions which could have a material adverse effect on Fund I's performance and returns to the 2009 Cell.

Fund I's investments in distressed businesses could subject the 2009 Cell to a risk of loss

Fund I has made investments in businesses which have experienced or are expected to experience operating issues and may have associated financial distress, which may never be overcome. Other significant risks associated with distressed businesses include:

- such businesses generally have less predictable operating results;
- such businesses may have highly indebted capital structures that make them more vulnerable to adverse financial or business developments than less highly indebted businesses and they may be at a heightened risk of breaching financial covenants under any financing arrangements to which they are party;
- businesses are generally dependent on the management talents and efforts of a small group of persons and, as a result, the death, disability, incapacity, resignation, termination or otherwise of one or more of those persons could have a material adverse impact on their business and prospects and the investment made; and
- such businesses may be more likely to be exposed to substantial litigation with less resources to contest claims than more stable businesses.

Such risks could lead to the partial or total loss of Fund I's investment in an investee business and there can be no assurance that any such losses will be offset by gains realised on Fund I's other investments.

Some investments may expose Fund I to the risk of various types of liability

Fund I has made investments in businesses which have experienced or are expected to experience operating issues and may have associated financial distress. The due diligence undertaken in respect of these investments may not have revealed all of the past and future liabilities relating to the operations of such investee businesses. Such liabilities could include liabilities arising from litigation, breach of environmental regulations, government fines, contractual liabilities and pensions deficits, amongst others. Furthermore, in some unusual circumstances the limited liability status of investee companies and/or their subsidiaries might not be upheld, and Fund I could lose some or all of its investment in such companies, which could have a material adverse effect on the performance of Fund I and returns to the 2009 Cell. Fund I will, however, seek to avoid exposure to such liabilities.

Fund I's investments will generally be illiquid

The majority of investments made by Fund I comprise unquoted interests in companies which are not publicly traded or freely marketable and for which a sale may on occasion require the consent of other

parties. Such investments may therefore be difficult to value and/or realise, and their management and realisation may involve significant time and cost. The illiquidity of these investments may make it difficult to sell investments. In addition, if Fund I were to be required to liquidate all or a portion of an investment quickly, Fund I may realise significantly less than the value at which the investment was previously recorded, which could result in a decrease in the Net Asset Value of Fund I.

Shares in investee companies will usually rank behind all other claims in those companies and Fund I could fail to recover all or part of its investment

Fund I has mostly invested in the equity securities of investee companies. Equity securities generally represent the most subordinated in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of equity securities generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available, after making interest, dividend and any other required payments in more senior securities of the issuer. Moreover, in the event of an insolvency or winding-up of a company in which Fund I has invested, the claims of shareholders will rank behind all other claims in that company. After repaying holders of more senior securities, such a company may not have any remaining assets to use for repaying amounts owed in respect of Fund I's investment. To the extent that any assets remain, holders of claims that rank equally with Fund I's investment would be entitled to share on an equal and rateable basis in distributions that are made out of those assets. Resulting losses to Fund I could have a material adverse effect on the performance of Fund I and returns to the 2009 Cell.

The amount which Fund I has invested may exceed the proceeds achieved on realisation

There can be no guarantee that investments will ultimately be realised for an amount exceeding the amount invested by Fund I. Some or all of Fund I's investments may be difficult to realise in a timely manner, or at an appropriate price, or at all.

Making and exiting investments requires an estimation of future values and exiting investments will generally depend upon the success of the implementation of corporate and management strategies

Most of the investments that Fund I has made are in the form of investments for which market quotations are not available. Decisions by the Fund I GP as to whether to make particular investments and when to exit such investments will be based to a significant extent on an analysis and assessment of both the present value and the expected future value of the relevant investment. Estimates of the future value of investments are inherently uncertain and may not reflect the value Fund I is eventually able to realise on such investments due to various factors, including a deterioration in an investee business's trading position or reputation in the market, poor implementation of an investee business's corporate and management strategies, subsequent illiquidity in the market for an investee business's securities or a deterioration in the overall economic climate or markets. Fund I's performance and returns received by the 2009 Cell would be adversely affected if the value estimates made by the Fund I GP at the time of investment are materially higher than the values that are ultimately realised on the disposal of such investments.

Through some of its investments Fund I is exposed to foreign exchange risk, which may have an adverse impact on the value of Fund I's assets and on its results of operations

The base currency of Fund I is Sterling. Certain of Fund I's assets have been invested in investee businesses which have operations in countries whose currency is not Sterling and securities and other investments which are denominated in other currencies. Accordingly, Fund I is subject to foreign exchange risks in relation to some of its assets and the value of its assets may be affected favourably or unfavourably by fluctuations in currency exchange rates between the currency of the relevant asset and Sterling.

Risks relating to the Fund I GP

Fund I's performance is dependent on the Fund I GP

All decisions with respect to the investment of Fund I's resources and the management of Fund I's investment portfolio are undertaken by the Fund I GP. The growth of Fund I's investment portfolio is substantially dependent upon the effective performance by the Fund I GP of its obligations, and Fund I's ability to implement and realise the investment policy as it applies to Fund I depends on the skills and expertise of the Fund I GP in implementing the various aspects of Fund I's investment strategy.

Fund I has broad investment policies. These policies will provide the Fund I GP with substantial discretion when monitoring and disposing of its existing investments. While the Board will periodically review the Fund I GP's compliance with these investment policies, it will not review or approve individual investment decisions. It may be difficult or impossible to unwind investments that are not consistent with these investment policies by the time they are reviewed by the Board. Shareholders will be informed through the London Stock Exchange (via a Regulatory Information Service) if the Directors become aware of any breach of the investment restrictions which the Directors consider to be material and an extraordinary general meeting of the Company may be convened for the purposes of seeking Shareholder ratification of the breach of investment restrictions. In accordance with the terms of the Fund I Partnership Agreement, the Fund I GP can be expelled from Fund I at any time and without compensation for termination if, among other things, it has committed a material breach of its obligations under the Fund I Partnership Agreement and such breach is not remedied within 28 days after receiving notice to remedy such breach. Failure to comply in all material respects with the investment policy as set out in the Fund I Partnership Agreement would constitute an event of termination. Upon expulsion of the Fund I GP, the Company would seek to appoint an alternative general partner to manage Fund I or would seek to wind-up Fund I and distribute the proceeds to holders of the 2009 Shares.

Any failure by the Fund I GP to manage Fund I's investments or to effectively implement Fund I's investment strategy could have a material adverse effect on the performance of Fund I and returns to the 2009 Cell.

Terminating the Fund I GP's appointment may be difficult and costly

The Company and Fund I may only terminate the appointment of the Fund I GP under the Fund I Partnership Agreement in very limited circumstances. Such termination may be difficult to obtain in practice. In certain circumstances, if Fund I is unable to terminate the appointment of the Fund I GP, the performance of Fund I and returns to the 2009 Cell, as well as the market price of the 2009 Shares, could suffer. If the Fund I GP's appointment is terminated, it may be difficult (or impossible) to appoint a replacement general partner and, in such circumstances, Fund I may be dissolved.

Risks relating to the Fund I GP and the Consultant

Fund I's performance is dependent on the Fund I GP and the Consultant

Fund I's ability to implement and realise the investment policy as it applies to Fund I depends on its ability to maintain and exit from its investment base, which depends, in turn, on the Fund I GP's ability to implement the various aspects of Fund I's investment strategy and value growth now that Fund I is substantially invested. Achieving value growth is largely a function of the Fund I GP's structuring and management of the investment process. Any failure to manage and effectively implement Fund I's investment strategy could have a material adverse effect on the performance of Fund I and returns to the 2009 Cell. In order for Fund I to grow, it will need to receive effective consultancy services and the Consultant may need to employ and retain additional personnel.

Historical returns may not be indicative of future performance

There can be no assurances that future performance of Fund I will generate similar returns to other funds previously managed or advised by the directors of the Fund I GP Company (or by members of the Consultant). No guarantee is made in relation to the performance of the 2009 Cell, Fund I or the 2009 Shares. There can be no assurances that an investment in the 2009 Cell and/or by Fund I will have a return on invested capital that is similar to the historical returns of other funds managed or advised by any directors of the Fund I GP Company or by members of the Consultant. Past performance may not be an accurate predictor of future performance or returns, nor is there any guarantee that future market conditions will allow for similar performance.

Carried interest may not fully align Fund I's interests with those of the Fund I GP andlor the Consultant andlor the Company

The existence of the Carried Interest could create an incentive for the Consultant (whose principals are partners in the Fund I Special Limited Partner) to direct its consultancy services and for the Fund I GP to direct Fund I's activities towards, riskier or more speculative investments than would be the case in the absence of the arrangement.

Difficulty and cost of terminating the Fund I Consultancy Services Agreement

BECAP GP may only terminate the Fund I Consultancy Services Agreement in limited circumstances. Such termination may be difficult to obtain in practice if BECAP GP is unable to find adequate alternatives to the Consultant. In such circumstances the performance of Fund I and returns to the 2009 Cell, as well as the market price of Shares, could suffer.

Risks relating to Better Capital 2012 Cell's investment in Better Capital Fund II

The 2012 Cell will have very limited ability to redeem its investment in Fund II

Following completion of the Firm Placing and Placing and Open Offer, substantially all of the funds raised through that Firm Placing and Placing and Open Offer will be attributed to the Cellular Assets of the 2012 Cell and invested in Fund II. Pursuant to the terms of the Fund II Partnership Agreement, without the consent of the Fund II GP, the 2012 Cell may not transfer or redeem its interest in, or otherwise withdraw from, Fund II. If a material adverse event occurs in relation to Fund II or the market generally, the ability of the 2012 Cell to avoid or mitigate further adverse exposure is limited by its limited ability to redeem its interest in, or otherwise withdraw from, Fund II. This could have a materially adverse effect on the value of the 2012 Shares and the ability of investors to dispose of their 2012 Shares at a satisfactory price or at all.

Parallel Investment vehicles may be established

Pursuant to the Fund II Partnership Agreement, the Fund II GP (or its associates) may, with the prior consent of the Board of the Company acting in relation to the 2012 Cell, establish one or more private parallel investment vehicles, which will co-invest alongside Fund II. The following risks are associated with the establishment of private parallel investment vehicles:

- The establishment of any parallel vehicles will introduce third party investors into the broader structure comprising Fund II and such parallel vehicles. Therefore, to the extent that the consent of such third party investors in addition to the consent of the Company acting in relation to the 2012 Cell in such broader fund structure is required on any matter, the Company acting in respect of the 2012 Cell may not be able to control the manner in which such third party investors exercise their voting powers in relation to the consent within the broader fund structure. Failure to obtain consent of such third party when required on any matter may limit the Company's ability to implement changes to the management or structure of the arrangements involving Fund II and the parallel vehicles, which may have an adverse effect on the performance of Fund II and the returns to the 2012 Cell.
- Any private parallel vehicle would likely be established on terms which are more commonly found in the private investment funds market, and which may differ from the terms applicable to Fund II. Accordingly, investors in the 2012 Shares may not achieve the same levels of return on their investment as they may have achieved had they instead made their investment through such a private parallel investment vehicle, for example there may be a drawdown structure in respect of such private parallel investment vehicle which is not possible in respect of Fund II.
- If a parallel vehicle is established on a drawdown basis then if any investor in such parallel vehicle fails to meet any drawdown request when due, that parallel vehicle may be unable to fulfil its co-investment obligations in respect of one or more investments. Any such failure may result in additional costs for the parallel vehicle and/or Fund II and may ultimately result in the loss of the relevant investment opportunities. The loss of any investment opportunity may have a material adverse effect on the performance of Fund II and/or reduce the overall returns to the 2012 Cell.

Risks relating to the business of Better Capital Fund II

Failure by service providers to Fund II to perform their obligations could materially disrupt or damage the business of Fund II with adverse effects on its business or performance

Fund II has and will have no employees and relies upon the performance of third-party service providers to perform its executive functions. In particular, the performance of the 2012 Cell will be reliant on the Fund II GP which has complete discretion as to the implementation of the investment policy as it applies to Fund II. In particular, the 2012 Cell's performance is likely to be dependent on the effectiveness of the Fund II GP's management of Fund II investments and on the effectiveness of the Consultant and others in the provision of consultancy services to BECAP GP II. Moreover, no

assurance can be given that the Consultant will provide sufficiently effective consultancy services to enable Fund II to locate suitable investment opportunities that satisfy the investment policy as it applies to Fund II or to enable Fund II to be fully invested. The 2012 Cell has no direct control over the investments made by Fund II. Failure by any service provider to carry out its obligations to Fund II in accordance with the terms of its appointment without exercising due care and skill, or to perform its obligations to Fund II at all as a result of insolvency or other causes could have a materially adverse effect on the performance of Fund II and returns to the 2012 Cell. The termination of Fund II's relationship with any third-party service provider, or any delay in appointing a replacement for such service provider, could materially disrupt the business of Fund II and could have a material adverse effect on the performance of Fund II and returns to the 2012 Cell.

The performance of Fund II may be adversely affected should one or more key individuals not provide their services to Fund II

The success of Fund II and, in turn, the 2012 Cell will depend on the diligence, skill and business contacts of the Fund II GP, in particular, of Jon Moulton, the sole shareholder in the Fund II GP Company. Consequently, in the event that, prior to the end of the Fund II Investment Period, Jon Moulton (who is designated as the "Key Executive" for these purposes) is unable or unwilling to devote such time to the business affairs of the Fund II GP as is reasonably necessary to enable the proper performance by the Fund II GP of its duties as general partner of Fund II, the Fund II Investment Period will be suspended and Fund II will not be permitted to make any new or Follow-On Investments. Such a suspension may only be lifted with the consent of the Company acting in relation to the 2012 Cell to the designation of a replacement Key Executive. Absent such a consent, the Fund II Investment Period shall terminate after the expiry of a period of six months.

In addition, the success of Fund II and, in turn, the 2012 Cell will depend upon the effectiveness of the Consultant providing the consultancy services, which in turn will depend on the continued service, in their respective positions, of certain individuals, principally Jon Moulton, Mark Aldridge and Nick Sanders. The Company cannot predict the impact that any departures or disabilities of any such individuals would have on the ability of Fund II and, in turn, the ability of the 2012 Cell to implement and realise the investment policy as it applies to Fund II. The departure of any of these individuals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on the performance of Fund II and returns to the 2012 Cell.

Fund II will operate in a competitive environment

Fund II will compete with other similar funds and market participants (such as public or private investment funds) for investment opportunities. The number of such funds and market participants competing with Fund II, and the scale of assets managed by such entities, may increase during the life of Fund II. For example, new funds or investment vehicles with investment policies and objectives similar to Fund II may be formed in the future. Such competitors may have greater financial, technical and marketing resources than are available to Fund II or they may also have a lower cost of capital and access to funding sources that are not available to Fund II, which may create competitive disadvantages with respect to investment opportunities. Some of these competitors may have higher risk tolerances or different risk assessments than Fund II, which could allow them to compete more aggressively. The net effect of these developments may be to reduce the opportunities available to Fund II to generate returns and/or reduce the quantum of these returns.

Borrowings could adversely affect the 2012 Cell NAV and the level of any distributions that may be paid to the 2012 Cell

Fund II may borrow money on a short-term basis (being 12 months or less) for any purpose, provided that such borrowing shall not at any time exceed 10 per cent. of Fund II Total Commitments. The use of such debt exposes the 2012 Cell to limited capital risk and interest costs.

Risks relating to the nature and characteristics of Fund II's investments

Concentration of investments could have a material adverse effect on the performance of Fund II

Notwithstanding the restrictions on investment that are set out in Part 2, Fund II may at certain times hold a relatively concentrated investment portfolio. Fund II could be subject to significant losses if, for example, it holds a large position in a particular investment that declines in value. Such losses could have a material adverse effect on the performance of Fund II and returns to the 2012 Cell.

Investments in distressed businesses involve a substantial degree of inherent risk

Fund II will generally acquire controlling interests in businesses which have experienced significant operating issues and may have associated financial distress, including businesses involved in insolvency proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. A successful turnaround of an investee business and/or the circumstances in which the rights attaching to a debt investment to convert such investment to equity may not be achieved. The level of analytical sophistication, both financial and legal, necessary for successful investment in businesses experiencing significant operating issues and associated financial distress is unusually high. There is no assurance that the Fund II GP will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to a business in which Fund II invests, Fund II may lose its entire investment or may be required to accept cash or securities with a value less than its original investment. These matters could have a material adverse effect on the performance of Fund II and returns to the 2012 Cell.

Additionally, it is frequently difficult to obtain accurate information, indeed such information may not exist, as to the condition of such entities. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the courts' power to disallow, reduce, subordinate or disenfranchise particular claims. As a result, Fund II may have difficulties in valuing or liquidating positions which could have a material adverse effect on Fund II's performance and returns to the 2012 Cell.

Fund II's investments in distressed businesses could subject the 2012 Cell to a risk of loss

It is intended that Fund II will make investments in businesses which have experienced or are expected to experience operating issues and may have associated financial distress, which may never be overcome. Other significant risks associated with distressed businesses include:

- such businesses generally have less predictable operating results;
- such businesses may have highly indebted capital structures that make them more vulnerable to adverse financial or business developments than less highly indebted businesses and they may be at a heightened risk of breaching financial covenants under any financing arrangements to which they are party;
- businesses are generally dependent on the management talents and efforts of a small group of persons and, as a result, the death, disability, incapacity, resignation, termination or otherwise of one or more of those persons could have a material adverse impact on their business and prospects and the investment made; and
- such businesses may be more likely to be exposed to substantial litigation with less resources to contest claims than more stable businesses.

Such risks could lead to the partial or total loss of Fund II's investment in an investee business and there can be no assurance that any such losses will be offset by gains realised on Fund II's other investments.

Some investments may expose Fund II to the risk of various types of liability

Fund II will invest in businesses which have experienced or are expected to experience operating issues and may have associated financial distress. The due diligence undertaken in respect of these investments may be insufficient to reveal all of the past and future liabilities relating to the operations of such investee businesses. Such liabilities could include liabilities arising from litigation, breach of environmental regulations, government fines, contractual liabilities and pensions deficits, amongst others. Furthermore, in some unusual circumstances the limited liability status of investee companies and/or their subsidiaries might not be upheld, and Fund II could lose some or all of its investment in such companies, which could have a material adverse effect on the performance of Fund II and returns to the Company. Fund II will, however, seek to avoid exposure to such liabilities.

Fund II's investments will generally be illiquid

The majority of investments made by Fund II are expected to comprise unquoted interests in companies which are not publicly traded or freely marketable and for which a sale may on occasion require the consent of other parties. Such investments may therefore be difficult to value and/or realise,

and their management and realisation may involve significant time and cost. The illiquidity of these investments may make it difficult to sell investments. In addition, if Fund II were to be required to liquidate all or a portion of an investment quickly, Fund II may realise significantly less than the value at which the investment was previously recorded, which could result in a decrease in the Net Asset Value of Fund II as the case may be.

Shares in investee companies will usually rank behind all other claims in those companies and Fund II could fail to recover all or part of its investment

Fund II will typically invest in the equity securities of investee companies. Equity securities generally represent the most subordinated in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of equity securities generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available, after making interest, dividend and any other required payments in more senior securities of the issuer. Moreover, in the event of an insolvency or winding-up of a company in which Fund II has invested, the claims of shareholders will rank behind all other claims in that company. After repaying holders of more senior securities, such a company may not have any remaining assets to use for repaying amounts owed in respect of Fund II's investment. To the extent that any assets remain, holders of claims that rank equally with Fund II's investment would be entitled to share on an equal and rateable basis in distributions that are made out of those assets. Resulting losses to Fund II could have a material adverse effect on the performance of Fund II and returns to the 2012 Cell.

The investment policy for Fund II permits limited investments in businesses which do not have significant activities within the UK or Ireland. Laws and regulations of foreign countries may impose restrictions that would not exist in the UK or Ireland. Investments in foreign entities have their own economic, political, social, cultural, business, industrial and labour context and may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the UK or Ireland. In addition, foreign governments may from time to time impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities or transfers or the imposition of exchange controls, making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable for the Company to distribute the amounts realised from such investments at all or may force the Company to distribute such amounts other than in Sterling and therefore a portion of the distribution may be made in foreign securities or currency. It also may be difficult to obtain and enforce a judgment in a court outside the UK.

The Fund II GP, through due diligence investigations, will analyse information with respect to political and economic environments and the particular legal and regulatory risks in foreign countries before making investments, but no assurance can be given that a given political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by Fund II. As a separate point, foreign governments may introduce new tax laws (for example transaction or industry specific taxes) which may change the tax profile of the relevant entity.

Fund II's investments may, directly or indirectly, be in businesses that are highly indebted

Fund II may make investments in businesses whose capital structures have a significant degree of debt at the time they are acquired. In addition, businesses that are not highly leveraged, or indeed leveraged at all, at the time an investment is made may increase their leverage after the time of investment. Businesses with significant amounts of indebtedness are inherently more sensitive to declines in revenues, increases in interest rates and adverse economic, market and industry developments. In addition, the incurrence of a significant amount of indebtedness by a business may, among other things:

- limit the business's ability to respond to changing market conditions to the extent additional cash is needed for the response, to make necessary capital expenditures or to take advantage of growth opportunities;
- limit the business's ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;

- limit the business's ability to engage in strategic acquisitions that may be desirable to generate attractive returns or further growth; and
- limit the business's ability to refinance its debt and/or obtain additional financing on attractive terms or at all.

Additionally, if any investee business breaches any covenants under its financing arrangements and the relevant lender declares the entire amount of such business's indebtedness due and payable or forecloses on any assets pledged as collateral, Fund II may lose some or all of its investment in such business, which could have a material adverse effect on the performance of Fund II and the returns to the 2012 Cell.

Fund II may not be able to identify and acquire suitable investments in a timely fashion or at all

The success of Fund II and, in turn, the 2012 Cell will be dependent upon, *inter alia*, the identification, acquisition and management of suitable investments which meet Fund II's investment criteria. There can be no guarantee that Fund II will be able to identify, in a timely fashion or at all, such investments on financially attractive terms or that such investments will be successful. Poor performance by any investment would adversely affect the total returns to holders of the 2012 Shares. In addition, Fund II may be unable to fully invest its funds, limiting the spread of investments within its portfolio. Even if suitable investments are identified, Fund II may experience a delay in deploying its capital in the funding of investments or such funding may be made at a relatively slow rate because of due diligence, regulatory issues and negotiations required before funding these investments. It may therefore take a significant amount of time to invest Fund II's capital fully. Although the Fund II GP believes that the Net Placing Proceeds can be substantially invested or committed by Fund II in accordance with the Fund II Investment Policy within approximately the 24 months following Admission, there can be no guarantee regarding the timing of any such deployment in full or at all. Any delay in the ability of Fund II to secure suitable investments may adversely affect returns to the 2012 Cell.

As at the date of this document, Fund II has not contracted to make any investments. Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by Fund II and, accordingly, will be dependent upon the ability of the Fund II GP to identify appropriate investment opportunities and on the judgment and ability of the Fund II GP in investing and managing the assets of Fund II. No assurance can be given that Fund II will be successful in obtaining suitable investments, or that if such investments are made, the investment policy as it applies to Fund II will be achieved.

The amount which Fund II invests may exceed the proceeds achieved on realisation

There can be no guarantee that investments will ultimately be realised for an amount exceeding the amount invested by Fund II. Some or all of Fund II's investments may be difficult to realise in a timely manner, or at an appropriate price, or at all.

Due diligence processes which may be undertaken may not reveal all material facts or circumstances

Before Fund II makes any investment, the Consultant may, at the request of BECAP GP II undertake an information gathering exercise, as detailed in paragraph 10 of Part 4. The objective of this exercise is to enable the Fund II GP to identify attractive investment opportunities based on the facts and circumstances surrounding an investment. When making an assessment regarding an investment, the Fund II GP may rely on resources available to it, including information provided by the Consultant and others, the target of the investment or, in the case of co-investments, the party with whom Fund II is co-investing. Accordingly, there can be no assurance that any research and information gathering exercise carried out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful to the Fund II GP in evaluating such investment opportunity. This could lead to an acquisition being materially overvalued, which could have a significant adverse effect on the performance of Fund II and returns received by the 2012 Cell.

Making and exiting investments requires an estimation of future values and exiting investments will generally depend upon the success of the implementation of corporate and management strategies

It is expected that most of the investments that Fund II makes will be in the form of investments for which market quotations are not available. Decisions by the Fund II GP as to whether to make particular investments and when to exit such investments will be based to a significant extent on an

analysis and assessment of both the present value and the expected future value of the relevant investment. Estimates of the future value of investments are inherently uncertain and may not reflect the value Fund II is eventually able to realise on such investments due to various factors, including a deterioration in an investee business's trading position or reputation in the market, poor implementation of an investee business's corporate and management strategies, subsequent illiquidity in the market for an investee business's securities or a deterioration in the overall economic climate or markets. Fund II's performance and returns received by the 2012 Cell would be adversely affected if the value estimates made by the Fund II GP at the time of investment are materially higher than the values that are ultimately realised on the disposal of such investments.

Fund II may be exposed to foreign exchange risk, which may have an adverse impact on the value of Fund II's assets and on its results of operations

The base currency of Fund II is Sterling. Certain of Fund II's assets may be invested in investee businesses which have operations in countries whose currency is not Sterling and securities and other investments which are denominated in other currencies. Accordingly, Fund II may be subject to foreign exchange risks in relation to some of its assets and the value of its assets may be affected favourably or unfavourably by fluctuations in currency exchange rates between the currency of the relevant asset and Sterling.

Risks relating to the Fund II GP

Fund II's performance is dependent on the Fund II GP

All decisions with respect to the investment of Fund II's resources and the management of Fund II's investment portfolio will be undertaken by the Fund II GP. The growth of Fund II's investment portfolio is substantially dependent upon the effective performance by the Fund II GP of its obligations, and Fund II's ability to implement and realise the investment policy as it applies to Fund II depends on the skills and expertise of the Fund II GP in selecting appropriate investments and implementing the various aspects of Fund II's investment strategy.

Fund II has broad investment policies. These policies will provide the Fund II GP with substantial discretion when selecting, acquiring, monitoring and disposing of investments, including in determining the type of investments that it deems appropriate, the investment approach that it follows when making investments and the timing of investments. While the Board will periodically review the Fund II GP's compliance with these investment policies, it will not review or approve individual investment decisions. It may be difficult or impossible to unwind investments that are not consistent with these investment policies by the time they are reviewed by the Board. Shareholders will be informed through the London Stock Exchange (via a Regulatory Information Service) if the Directors become aware of any breach of the investment restrictions which the Directors consider to be material and an extraordinary general meeting of the Company may be convened for the purposes of seeking Shareholder ratification of the breach of investment restrictions. In accordance with the terms of the Fund II Partnership Agreement, the Fund II GP can be expelled from Fund II at any time and without compensation for termination if, among other things, it has committed a material breach of its obligations under the Fund II Partnership Agreement and such breach is not remedied within 28 days after receiving notice to remedy such breach. Failure to comply in all material respects with the investment policy as set out in the Fund II Partnership Agreement would constitute an event of termination. Upon expulsion of the Fund II GP, the Company would seek to appoint an alternative general partner to manage Fund II or would seek to wind-up Fund II and distribute the proceeds to holders of the 2012 Shares.

Any failure by the Fund II GP to manage Fund II's investments or to effectively implement Fund II's investment strategy could have a material adverse effect on the performance of Fund II and returns to the 2012 Cell.

Terminating the Fund II GP's appointment may be difficult and costly

The Company acting in relation to the 2012 Cell and Fund II may only terminate the appointment of the Fund II GP under the Fund II Partnership Agreement in very limited circumstances. Such termination may be difficult to obtain in practice. In certain circumstances, if Fund II is unable to terminate the appointment of the Fund II GP, the performance of Fund II and returns to the 2012 Cell, as well as the market price of the 2012 Shares, could suffer. If the Fund II GP's appointment is terminated, it may be difficult (or impossible) to appoint a replacement general partner and, in such circumstances, Fund II may be dissolved.

Risks relating to the Fund II GP and the Consultant

Fund II's performance is dependent on the Fund II GP and the Consultant

Fund II's ability to implement and realise the investment policy as it applies to Fund II depends on its ability to grow its investment base, which depends, in turn, on the Fund II GP's ability to identify and monitor a suitable number of investments and implement the various aspects of Fund II's investment strategy. Achieving value growth is largely a function of the Fund II GP's structuring and management of the investment process. Any failure to manage and effectively implement Fund II's investment strategy could have a material adverse effect on the performance of Fund II and returns to the 2012 Cell. In order for Fund II to grow, it will need to receive effective consultancy services and the Consultant may need to employ and retain additional personnel.

Historical returns may not be indicative of future performance

There can be no assurances that future performance of Fund II will generate similar returns to other funds previously managed or advised by the directors of the Fund II GP Company (or by members of the Consultant). No guarantee is made in relation to the performance of the 2012 Cell, Fund II or the 2012 Shares. There can be no assurances that an investment in the 2012 Cell and/or by Fund II will have a return on invested capital that is similar to the historical returns of other funds managed or advised by any directors of the Fund II GP Company or by members of the Consultant. Past performance may not be an accurate predictor of future performance or returns, nor is there any guarantee that future market conditions will allow for similar performance.

Carried interest may not fully align Fund II's interests with those of the Fund II GP andlor the Consultant andlor the 2012 Cell

The existence of the Carried Interest could create an incentive for the Consultant (whose principals are partners in the Fund II Special Limited Partner) to direct its consultancy services, and for the Fund II GP to direct Fund II's activities, towards riskier or more speculative investments than would be the case in the absence of the arrangement.

Difficulty and cost of terminating the Fund II Consultancy Services Agreement

BECAP GP II may only terminate the Fund II Consultancy Services Agreement in limited circumstances. Such termination may be difficult to obtain in practice if BECAP GP II is unable to find adequate alternatives to the Consultant. In such circumstances the performance of Fund II and returns to the 2012 Cell, as well as the market price of the 2012 Shares, could suffer.

Risks relating to the businesses of Better Capital Fund I and/or Better Capital Fund II

Changes in law or regulations may adversely affect the ability of Fund I andlor Fund II to carry on their respective businesses, their respective performances and returns to their respective Cells

The regulatory environment for funds that are similar to Fund I and Fund II and for the managers of similar funds, is changing, most notably as a result of the Alternative Investment Fund Managers Directive, which came into force on 21 July 2011 and which, from 22 July 2013, will require certain fund managers to comply with the new operational and structural requirements set out in the Directive. Currently, the Company, Fund I and Fund II are subject to laws and regulations enacted by national, and local governments. In particular, the Company is required to comply with certain licensing and on-going notification requirements that are applicable to a Guernsey Registered Closed-ended Collective Investment Scheme, including laws and regulations supervised by the Commission. Additional laws may apply to the portfolio businesses in which Fund I has made and Fund II may make investments, and will apply from 22 July 2013 as a result of the Alternative Investment Fund Managers Directive, provided that any of the Company, Fund I and/or Fund II are subject to the Directive. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Any change in the laws and regulations affecting the Company, Fund I or Fund II or any change in the regulations affecting similar funds or private equity fund managers generally, or any failure by the Company, Fund I or Fund II to comply with such laws or regulations, may have a material adverse effect on the 2009 Cell's ability to exit from its investments in Fund I or the 2012 Cell's ability to carry on its activity of investing in Fund II, which in turn could have a material adverse effect on each Cell's respective performance and returns to holders of shares in the 2009 Cell or the 2012 Cell as the case may be. In respect of the Alternative Investment Fund Managers Directive specifically, a significant

amount of secondary legislation is awaited. The full implications of the Directive for the Company, Fund I and Fund II may become clearer once such legislation is adopted.

Implementation of the Alternative Investment Fund Managers Directive may have significant consequences for the Company, Fund I, Fund II and their respective general partners, (and all similar investment companies)

The European Commission published the Alternative Investment Fund Managers Directive, designed to regulate private equity and hedge funds, on 1 July 2011. The Alternative Investment Fund Managers Directive, which came into force on 21 July 2011, may have significant consequences for the Company, Fund I, Fund II and their respective general partners (and all similar investment companies), which might materially increase compliance, regulatory, operational and administrative costs. For example, if any of the Company, Fund I or Fund II constitute an alternative investment fund for the purposes of the Directive, the Directive's marketing provisions will apply to the respective general partners of Fund I and Fund II in addition to existing national and European marketing requirements. It is possible that under the Directive separate disclosure, in addition to that contained in this document, may be required to be prepared in relation to the Company, Fund I and/or Fund II, although currently the precise nature of any such disclosure is not known.

Whilst the Directive is now in force, the deadline for its transposition into the national law of each EU member state is currently 22 July 2013. There is continuing debate on the so called "third country provisions" of the Directive, which may materially affect the Company and the other entities listed above as they are established in Guernsey (which is not part of the EU). It is expected that, to comply with the Directive when carrying out marketing activities in the EU, the Company and the other entities listed above will be required to comply with the applicable national private placement regimes and may be required to produce new or amended disclosure documents.

In addition, the Directive contains provisions relating to the consequences of the acquisition by an alternative investment fund of substantial interests in EU companies which may have an adverse effect on the ability of Fund I and Fund II to compete for transactions, or on the structuring and profitability of such transactions. For example, if the Directive is applicable to Fund I and/or Fund II, and if either Fund I or Fund II "controls" an EU portfolio company, it may be that the relevant General Partner would be prevented from facilitating, supporting or instructing, and must use best efforts to prevent, certain distributions, capital reductions, share redemptions and purchases of own shares during the first two years of control of the portfolio company if such action would result in certain net asset or profit thresholds being crossed.

A significant amount of secondary legislation is due in respect of the Directive. The full implications of the Directive for the Company, Fund I and Fund II will become clearer once such legislation is adopted. Accordingly, the Board, Fund I GP, Fund II GP and the Consultant will continue to monitor the progress and likely implications of the Directive.

Risks relating to the Company

The Company is a relatively recently established investment company and its performance depends upon the performance of Fund I and Fund II

The Company was established in December 2009 and has a limited track record. The Company's performance and returns to Shareholders will depend on the performance of Fund I and Fund II. The Company is therefore subject to all of the material risks affecting Fund I's and Fund II's operations, which are listed above.

The Company is currently a feeder fund which has invested substantially all of the net proceeds of the AIM Placing and the Main Market Placing in Fund I. It is proposed to invest the proceeds of the Firm Placing and Placing and Open Offer in Fund II through the 2012 Cell following Conversion. As a feeder fund, except to a very limited extent in certain limited circumstances, the Company has not had investment discretion with respect to the application of the proceeds of the AIM Placing and the Main Market Placing through Fund I and will not have discretion as to the application of the Net Placing Proceeds through Fund II. Instead, the Company relies on the skills and capabilities of the General Partners in selecting, evaluating, structuring, negotiating, monitoring and exiting investments in distressed businesses and otherwise in managing the capital, assets and business of Fund I and

Fund II (as applicable). In managing the investments of Fund I and Fund II respectively, the BECAP GP has the benefit of the Fund I Consultancy Services from the Consultant and the BECAP GP II has the benefit of the Fund II Consultancy Services from the Consultant, but discretion as to all investment matters will remain with the relevant General Partner. As a result, the Company's ability to implement and realise its investment policy through its investments in Fund I and Fund II, depends on the ability of BECAP GP with the benefit of the Fund I Consultancy Services or BECAP GP II with the benefit of the Fund II Consultancy Services as applicable to identify investment opportunities and to implement effectively the Company's investment policy through Fund I and Fund II. The relevant General Partner has complete discretion when making investment-related decisions for Fund I and Fund II subject always to the investment policy and investment restrictions and, except in certain very limited circumstances, investment decisions will not be subject to the prior approval of the Company. Accordingly, the failure of Fund I and/or Fund II to implement and realise the Company's investment policy as it applies to Fund I and/or Fund II as applicable or to otherwise produce adequate returns will have a material adverse effect on the performance of the 2009 Shares and/or the 2012 Shares (respectively) and returns to Shareholders and there can be no assurance that the Company will be able to develop or execute an alternative investment strategy for each Cell.

The costs and expenses associated with the Conversion and the Firm Placing and Placing and Open Offer will be deducted from the proceeds of the Firm Placing and Placing and Open Offer. The Company does not otherwise intend to retain any additional liquidity for general corporate requirements over and above the retention of approximately £1 million that will be funded on an expected costs *pro rata* basis between the 2009 Cell and the 2012 Cell. Following the period in which the Company has utilised this amount, the Company will be dependent on distributions from Fund I and Fund II to cover any future expenditure which is attributable to the Cells. Whilst the Company does not have the right to demand a return of each Cell's capital or loan commitment from Fund I and/or Fund II, the Partnership Agreements permit the Company to request a return of its loan commitment from Fund I in respect of the 2009 Cell and Fund II in respect of the 2012 Cell (as applicable) and the relevant General Partner shall have regard to the best interests of the Company, as well as of Fund I in respect of the 2009 Cell and Fund II in respect of the 2012 Cell (as applicable), when considering any such requests (as applicable). The making of any such repayment is subject to the general restrictions upon the making of distributions by Fund I and Fund II, as set out in the Partnership Agreements.

Changes in law or regulation may adversely affect the Company's ability to carry on its business

The Company is incorporated under the laws of Guernsey. Accordingly, the rights of Shareholders are governed by the Companies Law and by the Company's Memorandum and Articles, which may differ from the typical rights of shareholders in the UK and other jurisdictions. The Company has inserted certain additional provisions into the Articles to make the Company's governance closer to that of a UK listed company, but these do not cover all differences between UK and Guernsey Law.

The Company, Fund I and Fund II, the Fund I GP, the Fund II GP and the Consultant are each subject to laws and regulations of national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed Registered Closed-ended Collective Investment Schemes which are domiciled in Guernsey. These include compliance with any decision of the Commission and with applicable UK legal requirements. In addition, the Company is subject to certain continuing obligations imposed by the UKLA and the London Stock Exchange on companies whose shares are admitted to the Official List and traded on the Main Market. Changes in law or regulations, or a failure to comply with any such laws or regulations, may adversely affect the performance of the 2009 Shares and the 2012 Shares (respectively) and returns to Shareholders.

Risks relating to the Company as a Protected Cell Company

Jurisdictions other than Guernsey may not be prepared to recognise the segregation of assets and liabilities between Cells or between the Core and the Cells

A PCC consists of a core and separate and distinct, but not separately incorporated, cells. In accordance with the Companies Law, the assets and liabilities of any cell are legally segregated and protected from those of the other cells. Similarly, the assets and liabilities of the core are segregated

and protected from those of the cells. The principle is that where any liability arises which is attributable to a particular cell or to the core, only the cellular assets attributable to that cell or the core assets attributable to the core, should be used in satisfaction of the liability. Thus, when considering a liability attributable to a cell, the core assets and the assets attributable to any cell other than the cell to which the relevant liability is attributable, are "protected assets".

The Directors are not aware of any case in which the mechanism by which assets and liabilities are segregated through a PCC has been considered by a foreign court. Where the assets of a cell of a PCC are held outside Guernsey, and an action is brought against that cell (or indeed the PCC) in the jurisdiction in which the assets are located, it is not known to what extent the foreign court will assume jurisdiction, or give primacy to Guernsey corporate law in evaluating whether or not those assets are free for the purposes of any enforcement action in that jurisdiction. There is a risk that the segregation of assets and liabilities between the cells or between the core and the cells may not be recognised or upheld within the courts in jurisdictions outside Guernsey. In relation to the Company, this could result in shareholders in one Cell bearing losses or liabilities in relation to another Cell which could impact upon the value of assets held within the first Cell. However, the Directors understand that, as a matter of comity, a court in a jurisdiction outside Guernsey would have to satisfy itself that it has jurisdiction (as a matter of conflict of laws), and then if it does assume jurisdiction, it would apply Guernsey law and should, therefore, recognise and uphold the manner in which assets can be segregated through the Companies Law.

The Court may order that any liability a Director has for failing to inform a third party that it is contracting with a PCC, or failing to specify the cell in respect of which the third party is contracting, may be met from the Cellular Assets or Core Assets of the PCC

A PCC must inform any person with whom it transacts that it is a PCC, and must identify or specify the cell in respect of which that person is transacting or specify that the transaction is in respect of the core (as appropriate). If a PCC fails to provide the transacting party with this information then the directors of that PCC become personally liable to the counterparty to the contract although, unless they were fraudulent, reckless, negligent or acted in bad faith, they do have a right of indemnity against the core assets of the PCC. Only the Court can relieve the directors from this liability on certain grounds set out further in the Companies Law and, in doing so, may order that any liability may be met from the cellular assets or core assets of the PCC. In relation to the Company, this could result in shareholders in one Cell bearing losses or liabilities in relation to another Cell which could impact upon the value of assets held within the first Cell.

Solvency issues for one of the cells in a PCC could in limited circumstances restrict the ability of other cells to make distributions

In accordance with the Companies Law, in order to effect a distribution or pay a dividend from a Cell or the Core, the Directors must approve a certificate signed by one of them which states that, in the Board's opinion, the Company will, immediately after payment of the distribution, be solvent. The certificate should also give the grounds for that opinion. Therefore, the ability of a Cell or the Core to make a distribution will be determined on the solvency of the Company as a whole rather than on the solvency of the relevant Cell or Core alone. This may restrict the Company's ability to effect distributions or pay a dividend in respect of the 2009 Shares and/or the 2012 Shares, although the Directors do not anticipate any situation where they would not be able to issue such certificate. If the Company were to be restricted in its ability to effect distributions or pay a dividend in respect of the 2009 Shares this could result in the holders of the 2009 Shares not being able to receive a return on their investment and if the Company were to be restricted in its ability to effect distributions or pay a dividend in respect of the 2012 Shares, this could result in the holders of the 2012 Shares not being able to receive a return on their investment.

Certain matters, in particular any changes to the Company's published investment policy, which includes the Company's published investment policy as it relates to any particular Cell, require approval of the Shareholders voting as a whole

The Listing Rules require that a closed-ended investment fund must obtain the prior approval of its shareholders to any material change to its published investment policy. In relation to the Company's proposed PCC structure, the application of this requirement is interpreted to apply to the Company as

a whole and, accordingly any changes to the Company's published investment policy, including as it relates to the 2009 Cell and Fund I or the 2012 Cell and Fund II, as applicable, would require approval of the Shareholders by way of ordinary resolution in general meeting. On matters to be determined by Shareholders at a general meeting of all Shareholders, each holder of Shares will have one vote upon a show of hands and a vote on a poll weighted to the respective estimated NAV per Cell Share, where a vote cast in relation to each 2009 Share shall count as 1.1096 towards the total and a vote cast in relation to each 2012 Share shall count as 0.9770 towards the total. Accordingly, proposed changes to the investment policy adopted in relation to one Cell may require the approval of holders of Shares in another Cell even where such Shareholders have no economic interest in the relevant Cell. Although the Company's articles provide that any changes to the Company's investment policy as it relates to a particular Cell must also be approved in a separate meeting of holders of Shares in that particular Cell the requirement for approval of all Shareholders may restrict the ability to implement changes to the investment policy. This may restrict the Company's ability to implement the investment policy for the relevant Cell and could have an effect on the Company's ability to achieve appropriate investment returns in relation to that Cell. This could affect the market value and performance of the Shares representing an interest in the relevant Cell.

The Takeover Code applies to the Company as a whole rather than to the separate Cells

Following the Conversion, the Takeover Code will continue to apply to the Company as a whole and will not apply separately to the individual Cells. Accordingly, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the voting rights in one of the Cells alone, the acquirer (and depending on the circumstances, its concert parties) would not be required to make a cash offer for the outstanding Shares in that Cell (unless the acquisition also had the effect of increasing the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the total voting rights in the Company, or of increasing between 30 and 50 per cent. that person's percentage of the total voting rights of the Company).

Similarly, such a requirement would also not be triggered by John Caudwell and Brian Caudwell, who have agreed to subscribe for, in aggregate, at least 57.5 million and up to 60 million of the 2012 Shares and have been deemed to be acting in concert, or by an acquisition of Shares by any other person holding (together with its concert parties) Shares carrying between 30 and 50 per cent. of the voting rights in one of the Cells (even if the effect of such acquisition were to increase that person's percentage of the voting rights) unless the acquisition also had the effect of increasing the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the total voting rights in the Company, or of increasing between 30 and 50 per cent. that person's percentage of the total voting rights of the Company).

As a consequence of the above application of the Takeover Code, an entity (and depending on the circumstances, its concert parties) may own a controlling interest (being an interest of more than 30 per cent) in the Shares in a Cell and, if such a controlling interest is established, may not be restricted from acquiring additional Shares in that Cell. Specifically, John Caudwell and/or Brian Caudwell may not be restricted from acquiring additional 2012 Shares. In relation to a particular Cell, holders of Cell Shares will have a right to vote at a meeting of holders of Shares in that particular Cell on certain matters without also requiring the separate approval of all Shareholders in a general meeting, including the approval of a final dividend to be paid out of the assets of the Cell; any resolutions to wind up the particular Cell, appoint a liquidator and/or authorise a liquidator to distribute in specie assets of the particular Cell; and any consolidation or subdivision of the Cell Shares attributable to the relevant Cell.

If, following Conversion, a takeover offer is made or a mandatory cash offer is triggered under the rules of the Takeover Code, a comparable offer may be required to be made for one of the classes of Shares. A comparable offer would normally be where the ratio of the offer values for each class of Shares should normally be equal to the average of the ratios of the middle market quotations over the course of the six months preceding the commencement of the offer period. Such a basis of allocation may not therefore reflect the ratios of the respective NAV per 2009 Share and NAV per 2012 Share or the respective market prices of the 2009 Shares or the 2012 Shares at the time the offer is made. The requirement to make comparable offers for each class of Shares may act as a deterrent to a party whose interest in the Company relates predominantly to its interest in one but not both Cells and accordingly may affect the trading in and the market price of the 2009 Shares or the 2012 Shares.

Risks relating to an investment in the 2009 Shares and/or the 2012 Shares

Shareholders will have no right of redemption and must rely, in part, on the existence of a liquid market in order to realise their investment

The 2009 Shares are, and following Admission the 2012 Shares will be, admitted to the Official List of the UK Listing Authority (listing category premium equity closed ended investment funds) and traded on the main market of the London Stock Exchange. Notwithstanding admission to the Official List of the UK Listing Authority (listing category premium equity closed ended investment funds) and trading on the main market of the London Stock Exchange, the market in the 2009 Shares and/or the 2012 Shares may have limited liquidity. The market price of either of the 2009 Shares and/or the 2012 Shares may be volatile and may not reflect the underlying value of the net assets of each Cell. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

The Company is a Registered Closed-ended Collective Investment Scheme. Accordingly, Shareholders will not be entitled to have their 2009 Shares and/or 2012 Shares redeemed by the Company. While the Directors retain the right to effect repurchases of the 2009 Shares and/or the 2012 Shares in the manner described in this document with a view to reducing any discount to Net Asset Value per 2009 Share and/or the 2012 Share, as the case may be, they are under no obligation to use such powers at any time and the Shareholders should not place any reliance on the willingness of the Directors to do so. Shareholders wishing to realise their investment in either the 2009 Cell or the 2012 Cell will therefore be required to dispose of their 2009 Shares and/or their 2012 Shares through trades on the Main Market or negotiate transactions with potential purchasers. Accordingly, Shareholders' ability to realise their investment is in part dependent on the existence of a liquid market in the 2009 Shares and/or the 2012 Shares, as the case may be, and on the extent of its liquidity. Investors should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in the 2009 Shares and/or the 2012 Shares, nor can they be certain that they will be able to realise their investment on a basis that necessarily reflects the value of the underlying investments held by Fund I or Fund II, as the case may be.

The 2009 Shares may trade at a discount to the NAV per 2009 Share andlor the 2012 Shares may trade at a discount to the NAV per 2012 Share

The 2009 Shares may trade at a discount to the NAV per 2009 Share and/or the 2012 Shares may trade at a discount to the NAV per 2012 Share for a variety of reasons, including market and liquidity concerns, the actual or expected performance of Fund I or Fund II as the case may be, and concerns that regulatory and legislative attitudes to such funds may alter in such a way as to adversely affect the Company, the Cells and Fund I or Fund II (as applicable). There can be no guarantee that any measures put in place by the Company to mitigate any such discount will be successful or that the use of discount control mechanisms will be possible or advisable.

The 2009 Cell NAV and the 2012 Cell NAV will fluctuate over time partly by reference to the performance of Fund I's and Fund II's respective investments and distributions

The 2009 Cell NAV and the 2012 Cell NAV are each expected to fluctuate partly over time with the performance of Fund I's and Fund II's investments and their respective distributions. Shareholders may not fully recover their initial investment upon sale of their Shares. Moreover, valuations of Fund I's and/or Fund II's portfolio investments may not reflect the price at which such investments can be realised.

Local laws or regulations may mean that the status of the Company and the Shares are uncertain or subject to change, which could adversely affect investors' ability to hold the Shares

For regulatory, tax and other purposes, the Company and the Shares may be treated differently in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as units in a collective investment scheme. Furthermore, in certain jurisdictions, the status of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosures by the Company. Changes in the status or treatment of the Company or the Shares may have unforeseen effects on the ability of investors to hold the Shares or the consequences of so doing.

Risks relating to taxation

Adverse changes in the tax position of the Company and Fund I and Fund II

The structure by which the Company holds its investment in Fund I and Fund II is based on the Directors' understanding of the current tax law and the practice of the tax authorities of the UK (where Fund I and Fund II's assets are expected to be predominantly located) and Guernsey (where the Company is incorporated). Such law (including applicable rates of taxation) or tax authority practice is subject to change, possibly with retrospective effect. Any change in the Company's or Fund I and Fund II's tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates could adversely affect the value of investments held by the Company or affect the Company's ability to implement and realise its investment policy. Any such change could adversely affect the net amount of any distributions payable to Shareholders or the tax treatment of distributions received by Shareholders. Furthermore, the Company may incur costs in taking steps to mitigate this effect. As a result, any such change may have a material adverse effect on the Company's performance, financial condition or prospects.

Whilst this document focuses on tax risks in the UK, as a more general matter, if the Company were to be considered to be resident for taxation purposes in any jurisdiction other than Guernsey or otherwise subject to taxation in another jurisdiction, its total income or capital gains or those attributable to or effectively connected with such other jurisdiction may be subject to tax in that other jurisdiction and this could have a material adverse effect on the Company's results of operations, financial condition or business prospects.

The Company has been granted exemption for the current year from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 by the Director of Income Tax in Guernsey. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is and will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey, other than from a relevant bank deposit. It is anticipated that no income other than bank interest will arise in Guernsey and therefore the Company will not incur any additional liability to Guernsey tax.

Conditional upon the Resolutions being approved, the Company's application for continued exempt status will be made in respect of the Company as a whole, including any cells that are created, and the fee payable for exempt status will not be dependent upon the number of cells comprised in the Company.

In keeping with its ongoing commitment to meet international standards, Guernsey is currently undertaking a review of its corporate tax regime. Until such time as the review is complete, the existing corporate tax regime remains in place. At the date of this document, no announcements have been made regarding specific changes to Guernsey's tax regime or the timing of implementation of any changes that may arise as a result of the review. However, it is currently anticipated that such changes (if any) will not affect the current operation of the exempt company regime in Guernsey.

The non-UK tax residence or non-trading status of the Company could be challenged or transactions could be taxed under certain UK anti-avoidance rules

The Company is and intends to continue to qualify and apply for exempt status for the purposes of taxation so as to remain exempt from tax in Guernsey. For reasons not connected with Guernsey tax law and practice the Company must conduct its operations in a manner that ensures that it is not treated as being tax resident or as having a taxable presence outside Guernsey. Given the location of the assets is expected to be predominantly in the UK, the most likely alternative jurisdiction in which the company may be tax resident is the UK.

The affairs of the Company have been and will be conducted so that the central management and control of the Company is not exercised in the UK and, consequently, so that the Company is not UK tax resident. However, it cannot be guaranteed that HMRC will not challenge the position. In order to

maintain its non-UK tax residence status, the Company is required to be centrally managed and controlled outside the UK. The composition of the Board, the manner in which the Board conducts its business and the location(s) in which the Board makes decisions will be important in determining and maintaining the non-UK tax residence of the Company. While the Company is incorporated and administered in Guernsey and a majority of its directors are resident outside the UK, continued attention must be paid to ensure that major decisions by the Company are not made in the UK, to avoid the risk that the Company may lose its non-UK tax residence status.

There is a risk that management errors could potentially lead to the Company being considered UK tax resident. If so, this is likely to result in the Company paying more UK tax than is anticipated, which would negatively affect its financial and operating results and accordingly reduce returns (including dividends) payable to Shareholders.

In addition, even where a company maintains its non-UK tax residence status, it will potentially be subject to UK corporation tax if it is carrying on a trade in the UK through a permanent establishment in the UK or to UK income tax if it is carrying on a trade wholly or partly in the UK other than through a permanent establishment in the UK, in which case the relevant company will be subject to UK corporation or income tax on the income profits and capital gains attributable to its UK trade. It is intended that the Company will not undertake any UK trading activities. It cannot be guaranteed that HMRC will not seek to contend that the Company has acquired one or more of its assets as trading stock and, consequently, is carrying on a trade wholly or partly in the UK or in the UK through a permanent establishment in the UK. If any such contention were correct, this is likely to result in the Company paying more UK tax than is anticipated, which would negatively affect its financial results and returns to Shareholders.

Changes in tax legislation could result in the imposition of additional and possibly material tax liabilities on Shareholders

Investors should consider the information given in paragraph 12 of Part 12 of this document and should take professional advice about the consequences of them investing in the Company. The material in paragraph 12 of Part 12 is essentially concerned with the tax position of Shareholders who are resident, and, in the case of individuals, resident, ordinarily resident and domiciled in the UK for tax purposes. Different treatment may apply in the case of non-UK resident taxpayers, who should take their own advice concerning their tax positions (or, indeed, whether an investment into the Company is suitable for their personal circumstances).

References in this document (in particular in paragraph 12 of Part 12) to taxes and the rates of tax reflect the position as at the date of this document. Such law (including applicable rates of taxation) and tax authority practice are subject to change. Any change in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates could adversely affect the after tax return to Shareholders from their investment in the Company, possibly with retrospective effect.

Were the 2009 Cell or the 2012 Cell to be classified as a "mutual fund" for the purposes of the UK's offshore funds regime, UK holders of Shares may be taxed on the gains realised on the disposal of their Shares as income (resulting in the payment of income tax or corporation tax on income) rather than as a capital gain (resulting in the payment of capital gains tax or corporation tax on chargeable gains). This may have a material adverse impact on the after tax returns received by Shareholders.

If the 2009 Cell or the 2012 Cell were an offshore fund, at any time in a relevant period, and if the relevant cell's market value of "qualifying investments" (which includes, *inter alia*, money placed at interest and securities) exceeds 60 per cent. of the market value of all the assets of the relevant cell (excluding cash awaiting investment), then a dividend or any distribution paid by the Company will be treated when received by a UK tax resident individual as interest (with no tax credit available and at tax rates applicable to interest) and not as a dividend or any other type of distribution. When considering the position of the 2009 Cell or the 2012 Cell, it is necessary to include the interest in Fund I's investment portfolio or Fund II's investment portfolio as applicable. Shareholders subject to UK corporation tax may be taxed on their holdings in the 2009 Cell or the 2012 Cell as though that holding were a loan relationship and on the basis of fair value accounting.

Whilst the Company has been advised that neither the 2009 Cell nor the 2012 Cell should be classified as a "mutual fund" within the meaning of the offshore funds legislation, the law remains subject to regulatory change at HMRC's discretion (subject to Parliamentary approval). In addition, there is a risk that if HMRC's interpretation of this relatively new legislation (on which they have published guidance) should change, then the advice obtained by the Company may be subject to revision.

Whilst the Company monitors the position and will continue to seek to manage its affairs, to the extent reasonably possible, such that neither the 2009 Cell nor the 2012 Cell become classified as a "mutual fund", no assurance can be given that steps will be taken or that any such steps will be effective in ensuring that the 2009 Cell or the 2012 Cell will not be classified as a "mutual fund".

If it became likely that the 2009 Cell or the 2012 Cell would be classified as a "mutual fund", options that the Company could consider include seeking to rely on the "unquoted trading company exception" (see below) or applying to become a "reporting fund" for UK tax purposes. If the 2009 Cell or the 2012 Cell became a reporting fund, there would be a risk that UK tax resident investors may be subject to UK taxation on the 2009 Cell's or the 2012 Cell's income profits whether or not those profits are distributed. This may also have a material and adverse impact on the after tax returns received by Shareholders.

The unquoted trading company exception was introduced in relation to disposals of interests in offshore funds made on or after 27 May 2011. Despite not being a reporting fund, provided an offshore fund meets the conditions of the unquoted trading company exception, a disposal of an interest in that offshore fund will not be reclassified as income under the offshore funds legislation. The conditions of the unquoted trading company exception include that the sole or main purpose of the fund (the 2009 Cell or the 2012 Cell) must be investing in "qualifying companies" and that the "investment condition" must be met throughout the period starting with the date on which the interest in the offshore fund was acquired and ending 12 months before the disposal of the interest.

A qualifying company for these purposes is, broadly, an unquoted trading company or the holding company of a trading group or subgroup. The investment condition is that at least 90 per cent. of the value of the assets of the offshore fund consists of direct or indirect holdings in qualifying companies or certain other holdings of shares or securities (eg shares listed on a recognised stock exchange which the offshore fund intends to dispose of as soon as practicable which were shares in a qualifying company at the time of their acquisition). For the purposes of the investment condition any holding of cash shall be disregarded. In addition, the investment condition is treated as met for the period starting at the beginning of the first period of account of the offshore fund and ending on the earlier of the expiry of three months or the date the offshore fund meets the investment condition if the only asset of the offshore fund during that period is cash.

Important Notice

General

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

This document contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in this document may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "targets", "expects", "aim", "anticipate", "projects", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward looking statements in this document are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in the Risk Factors. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such entity and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

Each forward-looking statement speaks only as at the date of this document. Except as required by law, the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

The information contained within this document will be updated as required by the Prospectus Rules.

You are advised to read this document and, in particular, the Summary, the Risk Factors, Part 2 "Better Capital Limited and the Investment Policy", Part 3 "Better Capital Fund I", Part 4 "Better Capital Fund II", Part 5 "The Conversion", Part 6 "Further information about the Company, Better Capital Fund I, Better Capital Fund II and the Consultant" and Part 7 "Operating and Financial Review" for a further discussion of the factors that could affect the Company's future performance and the industries and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may or may not occur. Investors should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this document.

Presentation of financial information

The Company publishes its financial statements in pounds sterling ("£" or "sterling"). The abbreviation "£m" represents millions of pounds sterling, and references to "pence" and "p" represent pence in the UK. References to "Euros", "EUR" or "€" are to the single currency of the participating member states of the European Union and references to "dollars", "USD" or "US$" are to the lawful currency of the United States of America.

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

International Financial Reporting Standards

The financial statements of the Company are prepared in accordance with IFRS as endorsed and adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as endorsed and adopted by the European Union.

Distribution of this document

General

This document does not constitute, and may not be used for the purposes of, an offer to sell or issue or the solicitation of an offer to buy or subscribe for any Shares to or from any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this document and the offer and sale of Shares may be restricted by law and regulation. No action has been taken or will be taken by the Company or Numis that would permit a public offering of the Shares, or possession or distribution of this document, in any jurisdiction where action for that purpose is required. Accordingly, persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

Prospective investors must inform themselves as to:

(a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Shares;

(b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Shares which they might encounter; and

(c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Shares.

Due to restrictions under the securities laws of the United States and the other Restricted Jurisdictions and certain commercial considerations, Non-CREST Application Forms will not be sent to, and neither Basic Entitlements nor Excess CREST Open Offer Entitlements will be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.

Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for information only and nothing in this document, other than paragraph 18 *(Recommendation)* of Part I, is intended to endorse or recommend a particular course of action. Prospective investors must rely upon their own professional advisers, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in England and Wales and in Guernsey, and are subject to change.

Notice to investors in an European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "relevant member state") (except for the UK), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no 2012 Shares have been offered or will be offered pursuant to the Firm Placing and/or the Placing and Open Offer to the public in that relevant member state prior to the publication of a prospectus in relation to the 2012 Shares which has been approved by the competent authority in the relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state all in accordance with the Prospectus Directive, except that (subject to compliance with all relevant local laws and regulation) with effect from and including the relevant implementation date, offers of 2012 Shares may be made to the public in that relevant member state at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than Euros 43 million; and (iii) an annual turnover of more than Euros 50 million, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of any 2012 Shares shall result in a requirement for the publication by the Company or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression "an offer of any 2012 Shares to the public" in relation to any Firm Placed Shares, Open Offer Entitlements or Open Offer Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Firm Placing and the Placing and Open Offer and any Firm Placed Shares, Open Offer Entitlements or Open Offer Shares to be offered so as to enable an investor to decide to acquire any Firm Placed Shares, Open Offer Entitlements or Open Offer Shares as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

In the case of any 2012 Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the 2012 Shares acquired by it in the Firm Placing and/or Placing and Open Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any 2012 Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company and Numis has been obtained to each such proposed offer or resale.

Certain Non-United Kingdom recipients

This document is not for distribution into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The issue of the Shares has not been, and will not be, registered under the applicable securities laws of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and, subject to certain exceptions, the Shares may not be offered or sold directly or indirectly within the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to, or for the account or benefit of, any persons within the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan.

No securities commission or similar authority in Canada has in any way passed on the merits of the securities offered hereunder and any representation to the contrary is an offence.

No document in relation to the issue of the 2012 Shares has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission.

No registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the issue of the 2012 Shares.

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY US STATE SECURITIES LAWS. THE SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE OFFER AND SALE OF THE SHARES HAS BEEN REGISTERED UNDER THE SECURITIES ACT AND THE COMPANY IS REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "US INVESTMENT COMPANY ACT") OR AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE US INVESTMENT COMPANY ACT ARE AVAILABLE.

The 2012 Shares have not been approved or disapproved by the SEC, any US state securities commission or any other US regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the 2012 Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Shares are subject to restrictions on transferability and resale within the United States and may not be transferred or resold in the United States except pursuant to a valid exemption from the registration requirements of the Securities Act, the Investment Company Act and state securities laws.

Subject to certain exceptions, neither this document, the Application Form, the Open Offer Entitlements nor the Basic Entitlements constitute, or will constitute, or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for the 2012 Shares to any Shareholder with a registered address in, or who is resident or located in, the United States and, if received, is for information purposes only. Accordingly, subject to certain exceptions, Application Forms will not be sent to, nor will any Basic Entitlements or Open Offer Entitlements be credited to the account in CREST of Shareholders with registered addresses or located or resident in the United States.

Subject to certain exceptions, the 2012 Shares are being offered and sold only outside the United States in reliance on Regulation S.

Unless otherwise agreed with the Company, any person completing an Application Form or applying for Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form if and when received or delivery of the 2012 Shares (i) he or she is not within the United States, (ii) he or she is not in any other Restricted Jurisdiction or any jurisdiction in which it is unlawful to make or accept an offer to acquire the 2012 Shares, (iii) he or she is not acquiring any 2012 Shares for the account of any person who is located in the United States, unless (a) the instruction to purchase was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that, in the case of each of (A) and (B), is acquiring the 2012 Shares in an "offshore transaction" within the meaning of Regulation S; and (iv) is not acquiring the 2012 Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such 2012 Shares into the United States or any other Restricted Jurisdiction.

All Overseas Shareholders and any person (including without limitation, a nominee or trustee) who has a contractual obligation or legal obligation to forward this document, the Form of Proxy or the Application Form, if and when received, or other document to a jurisdiction outside the UK should read paragraph 6 of Part 7 of this document.

The Company's Articles contain provisions designed to restrict the holding of Shares by persons, including US persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company some legal implication. Shares held by ERISA Plan Investors are subject to provisions requiring a compulsory transfer as set out in the Articles.

Accordingly, subject to certain exceptions, the Shares may not, directly or indirectly, be offered or sold within the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or offered or sold to a person within the United States of America or a resident of Canada, Australia, the Republic of South Africa, the Republic or Ireland or Japan.

None of this document, the Company, the Firm Placing, the Placing or the Open Offer has been or will be approved by the Swiss Financial Market Supervisory Authority ("**FINMA**") for public distribution in or from Switzerland as a foreign collective investment scheme pursuant to Art. 120 of the Federal Act on Collective Investment Schemes ("CISA"). None of the Company, the Firm Placing, the Placing or the Open Offer is subject to the supervision of the FINMA. This document is being offered in or from Switzerland to "qualified investors" only, as defined by Art. 10 par. 3 of the CISA, Art. 6 of the Ordinance on Collective Investment Schemes and the FINMA – Circular 2008-08 (Public advertising – collective investment schemes). This document is being offered in or from Switzerland on a private placement basis only. Accordingly, no approval of the FINMA is required and no such approval will be applied for.

Registration of the Company in Guernsey

The Company is a Registered Closed-ended Collective Investment Scheme registered pursuant to the POI Law and is required to comply with the RCIS Rules issued by the Commission. The Commission, in granting registration, has not reviewed this document but has relied upon specific warranties provided by Heritage International Fund Managers Limited, the Company's designated manager.

A Registered Closed-ended Collective Investment Scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the POI Law.

The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999

The Company has certain responsibilities under The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, as varied and supplemented from time to time, to verify the identity of investors. Failure to provide the necessary documentation may result in applications being rejected or in delays in the dispatch of documents and the issue of Shares.

The Data Protection (Bailiwick of Guernsey) Law, 2001

Pursuant to The Data Protection (Bailiwick of Guernsey) Law, 2001, as amended, (the "**DP Law**") the Company and/or its Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the Company's Register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (a) effecting the payment of dividends and other moneys to Shareholders; and (b) filing returns of Shareholders and their respective transactions in Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used. The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States of America. By becoming registered as a holder of Shares in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

Expected Timetable of Principal Events

Record Date for entitlements to participate in the Open Offer	5.00 p.m. on 15 December 2011
Announcement of the Conversion, the Firm Placing and Placing and Open Offer, publication of the Prospectus and despatch of the Prospectus, Form of Proxy and to certain Qualifying Non-CREST Shareholders, the Non-CREST Application Form	19 December 2011
Ex-entitlement date for the Open Offer	20 December 2011
Basic Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	(as soon as possible after) 20 December 2011
Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 4 January 2012
Latest time for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 5 January 2012
Latest time and date for splitting Non-CREST Application Forms (to satisfy *bona fide* market claims only)	3.00 p.m. on 6 January 2012
Latest time and date for receipt of Forms of Proxy or CREST Proxy Instructions	10.00 a.m. on 9 January 2012
Latest time for receipt of completed Non-CREST Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 10 January 2012
Extraordinary General Meeting	10.00 a.m. on 11 January 2012
Announcement of results of the Extraordinary General Meeting and the Firm Placing and Placing and Open Offer	11 January 2012
Expected effective date of the Conversion and establishment of the 2009 Cell	12 January 2012
Expected date of establishment of the 2012 Cell	12 January 2012
Expected date of Admission of, and commencement of dealings in, the 2012 Shares on the main market of the London Stock Exchange	8.00 a.m. on 13 January 2012
The 2012 Shares in uncertificated form expected to be credited to accounts in CREST (uncertificated holders only)	(as soon as possible after) 13 January 2012
Expected date of despatch of definitive share certificates for the 2012 Shares in certificated form (certificated holders only)	By no later than 20 January 2012

Notes:

(1) The ability to participate in the Open Offer is subject to certain restrictions relating to Qualifying Shareholders with registered addresses or located or resident in countries outside the UK (particularly the Excluded Overseas Shareholders), details of which are set out in paragraph 6 of Part 7 of this document. Subject to certain exceptions, Application Forms will not be despatched to, and Open Offer Entitlements will not be credited to the stock accounts in CREST of, Shareholders with registered addresses in the United States or any of the other Excluded Territories.

(2) Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company (with the agreement of Numis), in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, to Shareholders.

(3) References to times in this document are to London times unless otherwise stated.

(4) Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Shares through a CREST member or other nominee, that person may set an earlier date for application and payment than the dates noted above.

(5) Assumes that all Resolutions that are set out in the notice of Extraordinary General Meeting set out in the back of this document are passed.

Statistics Relating to the Firm Placing and Placing and Open Offer

Issue Price per 2012 Share	100 pence
Basic Entitlement under the Open Offer	one 2012 Share for every five Existing Shares
Number of Shares in issue at the date of this document	206,780,952
Number of Firm Placed Shares	158,244,920
Number of Open Offer Shares	up to 41,356,190
Total number of the 2012 Shares	up to 199,601,110
Share Capital immediately following completion of the Firm Placing and Placing and Open Offer[1]	206,780,952 2009 Shares and 158,244,920 2012 Shares
Net proceeds of the Firm Placing and Placing and Open Offer (approximately)[1][2]	£154.6 million
Net Asset Value per Existing Share (unaudited) as at 30 September 2011	110.96 pence
Estimated Net Asset Value per 2012 Share (unaudited) following the Firm Placing and Placing and Open Offer[2]	97.7 pence

(1) Assuming no take-up under the Open Offer.

(2) Based on the estimated expenses of the Firm Placing and Placing and Open Offer set out in paragraph 19.1 Part 12.

WHERE TO FIND HELP

If you have any questions, please telephone the shareholder helpline on the numbers set out below. This helpline is available from 9 a.m. to 5 p.m. (London time) Monday to Friday.

Shareholder Helpline telephone numbers:
0871 664 0321 (from inside the UK) or +44 208 639 3399 (from outside the UK)

Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Please note that, for legal reasons, the shareholder helpline will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Firm Placing and Placing and Open Offer or to provide financial, tax or investment advice.

Directors, Secretary, Registered Office and Advisers

IN RELATION TO THE COMPANY

Directors	Richard Crowder *(Chairman)* Richard Battey Philip Bowman; and Mark Huntley *each of whose business address is the Company's registered office*
Registered Office and Business Address	Heritage Hall PO Box 225 Le Marchant Street St Peter Port Guernsey GY1 4HY
Website	www.bettercapital.gg
Administrator and Company Secretary	Heritage International Fund Managers Limited Heritage Hall PO Box 225 Le Marchant Street St Peter Port Guernsey GY1 4HY
Sponsor, Broker, Financial Adviser and Global Co-ordinator	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Auditors	BDO Limited PO Box 180 Place du Pré Rue du Pré St Peter Port Guernsey GY1 3LL
Reporting Accountants and Tax Advisers to the Company	BDO LLP 55 Baker Street London W1U 7EU
Registrar	Capita Registrars (Guernsey) Limited Longue Hougue House St Sampson Guernsey GY2 4JN
Principal Bankers	The Royal Bank of Scotland International Limited Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4BQ
Receiving Agent	Capita Registrars Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Legal Advisers to the Company	
As to English law	DLA Piper UK LLP 3 Noble Street London EC2V 7EE
As to Guernsey law	Carey Olsen PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Legal Advisers to Numis	Eversheds LLP One Wood Street London EC2V 7WS

IN RELATION TO BETTER CAPITAL FUND I

Registered Office	Heritage Hall PO Box 225 Le Marchant Street St Peter Port Guernsey GY1 4HY
Fund I GP	BECAP GP LP *as for the registered office of Fund I*
Fund I GP Company	BECAP GP Limited *as for the registered office of Fund I*
Directors of the Fund I GP Company	Mark Huntley Laurence McNairn Jon Moulton *each of whose business address is the registered office of Fund I*
Consultant	Better Capital LLP 39-41 Charing Cross Road London WC2H 0AR
Managing Members of the Consultant	Jon Moulton (Chairman) Mark Aldridge Nick Sanders
Administrator and Company Secretary	Heritage International Fund Managers Limited Heritage Hall PO Box 225 Le Marchant Street St Peter Port Guernsey GY1 4HY

IN RELATION TO BETTER CAPITAL FUND II

Registered Office	Heritage Hall PO Box 225 Le Marchant Street St Peter Port Guernsey GY1 4HY
Fund II GP	BECAP12 GP LP *as for the registered office of Fund II*
Fund II GP Company	BECAP12 GP Limited *as for the registered office of Fund II*
Directors of the Fund II GP Company	Mark Huntley Laurence McNairn Jon Moulton *each of whose business address is the registered office of Fund II*
Consultant	Better Capital LLP 39-41 Charing Cross Road London WC2H 0AR
Managing Members of the Consultant	Jon Moulton (Chairman) Mark Aldridge Nick Sanders
Administrator and Company Secretary	Heritage International Fund Managers Limited Heritage Hall PO Box 225 Le Marchant Street St Peter Port Guernsey GY1 4HY

Part 1:

Letter from the Chairman

Better Capital Limited

(incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered number 51194 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Registered office:
Heritage Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey
GY1 4HY

(Telephone number: +44(0)1481 716000)

19 December 2011

Dear Shareholder

RECOMMENDED PROPOSALS RELATING TO THE CONVERSION OF THE COMPANY INTO A PROTECTED CELL COMPANY

FIRM PLACING AND PLACING AND OPEN OFFER OF UP TO 200 MILLION 2012 SHARES IN BETTER CAPITAL 2012 CELL AT 100 PENCE PER 2012 SHARE

NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

In the announcement of the Company's interim results for the period ended 30 September 2011, the Board stated that it believed that current economic conditions should lead to a further attractive period for investments of the type which the Company pursues and that after due and careful consideration the Board had decided to pursue a further fundraising in the coming months by way of a new segregated class of shares, deployed in a second Better Capital fund.

This letter describes the proposed arrangements to implement the further fundraising and describes how current shareholders of the Company can participate in the further fundraising. The Board proposes to:

- convert the Company into a protected cell company ("PCC") which can have assets and liabilities separately segregated into separate cells;
- create Better Capital 2009 Cell to which all of the current members, shares, capital, assets and liabilities of the Company including through its investment in Better Capital Fund I will be attributed;
- create Better Capital 2012 Cell which will raise capital through the issue of the 2012 Shares for investment in Better Capital Fund II (and which will assume the Transaction Liabilities); and
- facilitate the participation of the Company's current shareholders in the further fundraising through the Open Offer.

This letter sets out the background to, and the reasons for, the Conversion and the Firm Placing and Placing and Open Offer and explains why the Board believes that Shareholders should vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. These approvals will be sought at the Extraordinary General Meeting to be held at 10.00 a.m. on 11 January 2012, as set out in paragraph 11 below.

Your attention is drawn to:

- paragraph 4 of Part 7 (*Terms and Conditions of the Open Offer*) of this document, which sets out the actions to be taken by Qualifying Shareholders seeking to participate in the Open Offer; and

- the Notice of Extraordinary General Meeting contained at the end of this document and paragraphs 11 and 12 of this letter which explain the purpose of the Extraordinary General Meeting and action to be taken by you in relation to the Notice of Extraordinary General Meeting.

2. BACKGROUND

The Company was launched in December 2009 as a feeder fund which would pursue its investment objective and policy by investing in Better Capital Fund I, which in turn would invest in a portfolio of distressed businesses. At launch the Company raised gross proceeds of £142.4 million on AIM and in June 2010 raised further gross proceeds of £67.6 million and migrated to trading on the London Stock Exchange's Main Market. The aggregate net proceeds of £203.8 million invested by the Company have been substantially committed by Better Capital Fund I, with aggregate commitments of £192.1 million made to a diversified portfolio of eight businesses. Better Capital Fund I's current portfolio is described in more detail in paragraph 6 further below.

As at 30 September 2011, the Company's unaudited Net Asset Value was £229.4 million (representing an unaudited Net Asset Value per Share of 110.96 pence) and the unaudited net asset value of Fund I was £227.6 million.

Given the weak economic conditions and forecast for anaemic economic growth over the next few years, the Directors believe that there will be significant opportunity to invest selectively in a number of businesses which require reviving. The key to achieving this is not just refinancing such businesses through the provision of capital, but by fully understanding each business and taking steps to significantly improve operational performance.

Turnaround investing therefore requires a wide range of often interrelated skills. The team at the Consultant has considerable experience in turnaround investing, corporate restructuring and operational management and restructuring. The Directors believe that the management team of the Consultant possesses the contacts required to originate deals, including contacts in corporates, financial intermediaries and lending institutions and that Fund II (acting by the Fund II GP) is capable of negotiating and structuring its investments. The Board believes that Fund II and the Company would be well positioned to take advantage of the effects of the fragile economic conditions and higher levels of corporate debt as these factors continue to give rise to a steady flow of investment opportunities and that this is, accordingly, an opportune time to raise additional investment capital through the Firm Placing and Placing and Open Offer.

The Board has carefully considered various alternative structures for raising additional capital for new investments. The Board's intention has been to achieve a structure such that the new funds and the new investments shall be segregated from the Company's existing assets and liabilities, so that current Shareholders can, if they prefer, continue with an undiluted exposure to the assets of Better Capital Fund I's investments to date without exposure to the new investments. Having considered the various options available, the Board has concluded that a PCC structure is the preferred option. The PCC structure shares many of the characteristics of a company with multiple classes of shares attributed to different pools of investment, except that the PCC structure enables the Company to take advantage of the permitted structure under the laws of Guernsey which establishes such legal segregation of assets and liabilities on a statutory basis.

3. THE CONVERSION AND ESTABLISHMENT OF THE CELLS

3.1 Conversion to a PCC

A PCC is a cellular company governed by the Companies Law under which the PCC can create additional cells from time to time. The PCC can have a separate portfolio of assets in each cell. A PCC may, in respect of any of its cells, create and issue shares representing economic and voting rights in relation to such cells. Persons investing in cell shares shall only have recourse to, and except in very limited circumstances their interests shall be limited to, the cellular assets of that cell and they shall have no recourse to assets attributed to any other cell (as may be created from time to time) or to the core assets of the company.

3.2 Better Capital Fund I

The Company is proposing to convert into a PCC with one cell, the 2009 Cell, to be created within the Company immediately upon Conversion. At Conversion, all of the assets and

liabilities of the Company in existence at Conversion shall be attributed to the 2009 Cell and a holder of the current ordinary shares in the Company shall continue to hold those Shares, then designated the 2009 Shares, which shall then represent interests in the 2009 Cell.

The 2009 Shares will continue to be admitted to the Official List and to trading on the main market of the London Stock Exchange. The 2009 Shares will trade separately from the 2012 Shares, under their existing ISIN (GG00B5885941) and will continue to have the TIDM of BCAP following Conversion.

3.3 **Better Capital Fund II**

It is proposed that new capital will be raised through the issue of the 2012 Shares, representing interests in the 2012 Cell. The 2012 Cell will be a new feeder fund legally segregated from the 2009 Cell and which will invest into Fund II. Application will be made for admission of the 2012 Shares to the Official List of the UK Listing Authority (listing category premium equity closed ended investment funds) and to trading on the main market of the London Stock Exchange. The 2012 Shares will trade separately from and shall not be fungible with the 2009 Shares and shall have a separate ISIN (GG00B4N1RV71) and a TIDM of BC12.

3.4 **Core**

In addition to the creation of cells, the Companies Law requires the PCC also to have a "core" which shall hold the non-cellular assets of the PCC. It is expected that the Core Assets shall be nominal and the Core Shares will be of negligible economic value carrying restricted voting rights. The Core Shares will be held by a Guernsey purpose trust which shall be wholly independent from the Company, Fund I and Fund II.

3.5 **Voting rights**

As part of the Conversion, the Articles will be revised to reflect the PCC structure. The voting rights attributable to the 2009 Shares and the 2012 Shares shall be exercisable in relation to each Cell and to certain matters concerning the Company as a whole. On matters to be determined by Shareholders as a whole at a general meeting, each holder of Shares will have one vote upon a show of hands at a general meeting and a vote on a poll weighted to the respective estimated NAV per Cell Share, where a vote cast in relation to each 2009 Share shall count as 1.1096 towards the total and a vote cast in relation to each 2012 Share shall count as 0.9770 towards the total. Holders of the Core Shares shall not have a right to vote.

Votes by holders of Shares in a Cell as a separate class and by all Shareholders.

All matters prescribed by the Listing Rules as requiring approval of the Shareholders in the Company shall be voted upon at a general meeting of the Company at which all Shareholders will be entitled to vote, even where such votes relate to a Cell in which a shareholder has no economic interest.

All matters prescribed by the Listing Rules as requiring approval of the Shareholders in the Company, including the following matters, shall be matters to be approved firstly by the holders of the Shares in the relevant Cell voting at a meeting of the holders of the Shares in the relevant Cell and then, if approved by the holders of the Shares in the relevant Cell, shall be proposed for approval by a vote of all Shareholders in the Company in a general meeting:

- any material change to the Company's published investment policy (which includes the Company's published investment policy as it relates to any particular Cell);
- a non-pre-emptive issue of Shares in the same Cell for cash at a price below the net asset value per Share of those Shares;
- significant transactions or related party transactions where shareholder approval is required pursuant to the Listing Rules;
- any proposed change of listing category or cancellation of the listing of any shares in an existing Cell;
- the granting of authority to the Company to make purchases of the Shares;

- any grant of options over Shares permitting purchase of such shares at less than market price; and
- any conversion of Shares in a Cell to another class.

In addition the following matters (none of which are prescribed by the Listing Rules) shall be subject to approval by the holders of the Shares in the relevant Cell voting at a meeting of the holders of the Shares in the relevant Cell and then, if approved by the holders of the Shares in the relevant Cell, shall be subject to approval by a vote of all Shareholders in the Company in a general meeting:

- dis-application of pre-emption rights in respect of an issue of Shares in an existing Cell or a new Cell;
- variation of rights attaching to the Cell Shares; and
- variation of rights attaching to the Core Shares.

Votes of all Shareholders

All Shareholders in the Company will vote on certain general corporate matters affecting the Company as a whole in accordance with the Articles and the Companies Law without requiring the separate approval of holders of the Shares in any Cell including the following matters:

- appointment and removal of the directors of the Company;
- the approval of the Company's annual report and accounts;
- the approval of the Director's remuneration;
- the appointment and remuneration of the Company's auditors;
- any changes to the Company's Articles which do not affect the rights attaching to the Cells or the Core; and
- any resolutions to wind up the Company, appoint a liquidator and/or authorise a liquidator to distribute in specie assets of the Company as a whole.

Votes by holders of Shares in a Cell

Holders of Cell Shares in relation to a particular Cell will have a right to vote at a meeting of holders of Shares in that particular Cell on the following matters without also requiring the separate approval of all Shareholders in a general meeting:

- the approval of a final dividend to be paid out of the assets of the Cell to the holders of Cell Shares attributable to the relevant Cell;
- any resolutions to wind up the particular Cell, appoint a liquidator and/or authorise a liquidator to distribute in specie assets of the particular Cell; and
- any consolidation or subdivision of the Cell Shares attributable to the relevant Cell.

3.6 **The Company's investment policy following Conversion**

Following Conversion and subject to the Resolutions being passed at the EGM, the Company's investment policy will be amended to reflect the position that there will be two discrete, segregated pools of assets, one represented by the 2009 Cell into which the holders of the 2009 Shares will be invested and one represented by the 2012 Cell into which the holders of the 2012 Shares will be invested.

Following Conversion, the Company will continue with the investment objective to generate attractive total returns for its Shareholders by investing in funds which will invest in portfolios of distressed businesses, and the Company will achieve this by:

- attributing to the 2009 Cell its current investment in Better Capital Fund I which has a portfolio of investments in distressed businesses; and
- investing the Net Placing Proceeds through the 2012 Cell in Better Capital Fund II which will invest in a portfolio of distressed businesses.

Returns for holders of the 2009 Shares and for holders of the 2012 Shares are expected to be largely from capital growth.

The Company's investment policy in relation to Fund I, which will be implemented through the 2009 Cell holding the Company's investments in Fund I, is the same as the current investment policy of the Company as published in the Company's prospectus dated 10 June 2010. Fund I seeks to invest in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on investments in businesses which have significant activities within the United Kingdom or Ireland. The proposed changes to the Company's current investment policy will be the addition of the Company's investment policy in relation to Fund II.

The Company's investment policy in relation to Fund II, which will be implemented through the 2012 Cell investing in Fund II, is described in paragraph 2.2 of Part 2 below. The Company's investment policy in relation to Fund II is substantially similar to the Company's investment policy in relation to Fund I, save that in particular:

- uninvested or surplus capital or assets may be invested in high interest accounts (but not money market instruments, bonds or commercial paper or government or public securities as permitted for Fund I);
- the aggregate amount deposited or invested with a single bank shall not exceed £50 million (limited to £35 million for Fund I);
- investments up to 30 per cent. of Fund II Total Commitments in a single company (or group of companies) will be permitted (up to 20 per cent. for Fund I); and
- investments of an aggregate amount up to 20 per cent. of the Fund II Total Commitments may be invested in:
  - the securities of companies which do not have significant activities within the UK or Ireland; and/or
  - investments which do not (when taken together with the co-investments held by any parallel vehicles) whether by voting rights or otherwise, confer control (directly or indirectly) over the relevant business (no comparable permissions for Fund I).

3.7 **Amendments to the Company's investment policy**

Following Conversion and subject to the Resolutions being passed at the EGM, any subsequent changes to the Company's investment policy will require the following approvals:

- if the proposed amendments relate to the section of the investment policy relating to Fund I, such amendments will require approval of the holders of the 2009 Shares by ordinary resolution at a separate class meeting; and
- if the proposed amendments relate to the section of the investment policy relating to Fund II, such amendments will require approval of the holders of the 2012 Shares by ordinary resolution at a separate class meeting;

and the proposed amendments will then require the approval of all of the Company's shareholders by ordinary resolution in general meeting.

3.8 **Investment manager**

Fund I GP will continue in place as the investment manager of Fund I. A separate, newly established limited partnership, Fund II GP, will be the investment manager of Fund II. Both Fund I GP and Fund II GP will be related parties of the Company for the purposes of the Listing Rules.

3.9 **Allocation of investment opportunities**

Where a potential investment opportunity is identified which would be suitable for investment by either Fund I or Fund II (and any parallel vehicles), such investment opportunity shall, during the Fund I Investment Period, be offered to Fund I. It should be noted, however, that as at the date of this document, Fund I is substantially invested and has limited funds available for further

investment. It is therefore likely that investment opportunities may not be suitable for Fund I on the basis of the level of investment required or the need to maintain a balanced portfolio. Any investment which is not suitable for (or which is declined by) Fund I for any reason may be pursued by Fund II without limitation.

3.10 **Board**

The current Board of the Company will continue in position following the conversion of the Company to a PCC and will remain independent of the investment managers of Fund I and Fund II. The Board of the PCC will be accountable to Shareholders of both the 2009 Cell and the 2012 Cell and the Board will exercise its duties in respect of the 2009 Cell and the 2012 Cell and the PCC as a whole.

3.11 **Redemption of Cell Shares in a winding up**

In the event that the Shareholders of a Cell approve the winding up of that Cell, the Cell Shares attributable to that Cell will become redeemable at the option of the Company (but not the Shareholder). Any such redemption shall only be effected for the purpose of returning surplus assets to the relevant Cell Shareholders in connection with such winding up. It is necessary for the Cell Shares to become redeemable in these circumstances to enable those Cell Shares to be cancelled upon completion of the winding up of the relevant Cell.

3.12 **Authorisation**

Under the Companies Law, in order to undertake the Conversion the Company requires and has obtained the consent of the Commission. Additionally, the Shareholders will need to pass the Resolutions authorising the Conversion and the amendment of the Memorandum and the adoption of the Revised Articles.

3.13 **Change of name**

The Resolutions include the proposal, which is required under the Companies Law, to change the Company's name to "Better Capital PCC Limited".

3.14 **Tax**

Taxation consequences of the Conversion will depend upon the jurisdiction in which the relevant Shareholders are resident for tax purposes. The Conversion is not expected to give rise to taxable income or capital gains in the hands of UK tax resident shareholders. A summary of the UK tax consequences of the Conversion is are set out in paragraph 12 of Part 12 of this document.

3.15 **Ongoing expenses**

The Company does not intend as a consequence of the Conversion to retain any additional funds for general corporate requirements over and above the existing retention of approximately £1 million. Following Conversion, the Company's ongoing operational expenses and liquidity requirements will be borne by the Cells and will be attributed to each Cell on an equitable basis determined by the audit committee.

3.16 **Takeover Code**

The Takeover Code applies to the Company. See paragraph 18 in Part 12 for further discussion on the application of the Code and in particular the disclosure that, following the Conversion, the Takeover Code will apply to the Company as a whole and will not apply separately to the individual Cells. See also the risk factor on page 25 describing the resulting risks.

For further information on the Conversion, please refer to Part 5 of this document.

4. USE OF PROCEEDS

It is proposed to raise gross proceeds of up to approximately £200 million by way of the Firm Placing and Placing and Open Offer of the 2012 Shares. The Firm Placing and Placing and Open Offer will comprise a total of up to approximately 200 million 2012 Shares at a price of 100 pence per 2012 Share.

The Company intends that the 2012 Cell shall invest the Net Placing Proceeds directly in Fund II within five Business Days of Admission. The Directors believe there to be a sufficiently large number

of investment opportunities such that the Net Placing Proceeds can be substantially invested or committed by Fund II within approximately the 24 months following Admission.

For further information on Better Capital Fund II, please refer to Part 4 of this document.

5. FURTHER FUNDS FOR INVESTMENT UNDER MANAGEMENT OF FUND II GP

The Directors, in consultation with the Fund II GP and Consultant, believe that market conditions are generating, and will continue to generate, significant investment opportunities for Fund II. The Directors also believe that the availability to Fund II of further funds for investment (in addition to the proceeds of the Firm Placing and Placing and Open Offer) will increase the opportunities for diversification of Fund II's investment portfolio and enable Fund II to make larger investments. The Directors therefore believe that the availability to Fund II of further funds for investment will be in the interests of the Company.

The Directors intend that the Company will in the first half of 2012 (subject to market conditions) seek to raise further capital by one or more further issuances of shares in the 2012 Cell. It is intended that such further issuances of shares will be fungible with the 2012 Shares and, accordingly, admitted to the Official List and to trading on the main market of the London Stock Exchange. The proceeds from such further issuances will be invested in Fund II, which will then make new and further investments leading to a further diversified portfolio of investments. Any such further issuance of shares in the 2012 Cell will be priced at no less than the then prevailing NAV per 2012 Share and no less than the Issue Price, and will require Shareholders' consent (save where Shareholders' consent has already been granted pursuant to Resolution 5 to be proposed at the General Meeting or such subsequently renewed Shareholders' consent). Should the Directors determine to seek further capital in this manner, the Company will publish a circular to Shareholders convening the relevant extraordinary general meeting, together with a prospectus relating to the further issuance of shares in the 2012 Cell.

In addition, the Fund II GP has indicated to the Company that, in the absence of or in addition to further investments in Fund II by the Company acting through the 2012 Cell, the Fund II GP may also establish one or more additional private parallel investment vehicles, which will co-invest alongside Fund II. The creation of such parallel vehicles is permitted under the terms of the Fund II Partnership Agreement, subject to the prior written approval of the Board of the Company acting in relation to the 2012 Cell, such approval not to be unreasonably withheld. Any parallel vehicles will be established with the same investment policy, objectives and restrictions as Fund II and otherwise on terms similar to the terms of Fund II. The terms of any parallel vehicle may, however, differ from those of Fund II in certain respects, primarily to incorporate terms which may be considered usual in the private funds market or which are required by investors in that vehicle. In considering whether to give its approval to the establishment of a parallel vehicle, as above, the Board of the Company acting in relation to the 2012 Cell shall have regard to the terms of such parallel vehicle, including, in particular, whether its terms are consistent with the operation of Fund II and in the interests of the holders of the 2012 Shares. In addition, the Fund II GP may consider it to be necessary or desirable to make certain changes to the Fund II Partnership Agreement in connection with the establishment of any parallel vehicle. Any such changes will require the approval of the Board of the Company acting in relation to the 2012 Cell. Fund II will enter into a co-investment agreement with any parallel vehicle which will provide that, subject to legal, tax, regulatory or similar considerations, Fund II and any parallel vehicles shall invest *pro rata* to their respective total commitments, and shall make and sell investments on substantially the same terms and at the same time.

In the event of the raising of further capital for investment by one or more further issues of shares in the 2012 Cell, or by the establishment of a parallel vehicle, the 2012 Cell and the Fund II GP may, by agreement, extend the Fund II Investment Period and/or the duration of Fund II.

Notification of any such further fundraisings will be given at the relevant time by announcement on a Regulatory Information Service.

6. CURRENT TRADING AND PROSPECTS

Since the Company's migration to the Main Market on 8 July 2010, the effects of the recession experienced by the UK economy have continued and resulted in businesses suffering from poor trading conditions and restricted corporate credit. This economic backdrop has presented Fund I with a significant number of attractive opportunities, many of which have not just required access to capital but also access to operational expertise to improve operational performance.

As noted in the Chairman's Statement in relation to the Company's interim results for the period ended 30 September 2011, Fund I has enjoyed a busy period since the publication of the Company's last annual report. After a period of intense investment activity, Fund I is now substantially committed. A total of £192.1 million of Fund I has been committed to date, representing just over 94 per cent. of net funds available for deployment.

In the six month period ended 30 September 2011, Fund I committed and invested in three opportunities. DigiPos and Fairline completed in July 2011 with the agreement to acquire Spicers (subject to works counsel, competition and regulatory clearances), also signed in the month. All three deals were from different sources and sectors, and each deal structure unique to the others. This demonstrates Fund I's wide market coverage and versatility in the turnaround space.

Two of the portfolio company groups, Gardner and Reader's Digest benefited from further financial commitments from Fund I to fund their on-going restructuring programmes and short-term working capital. Calyx's Software division has been on an acquisitive trail. In the period under review, the business completed three follow-on investments.

In the period since 30 September 2011, Gardner, Reader's Digest and Santia benefitted from further investment from Fund I to fund their on-going restructuring programmes and short-term working capital. The aggregate investment in the period from 30 September 2011 to the date of the document was £4.5 million.

Enigmatic Investments Limited, a subsidiary of Fund I, made a cash offer for the entire issued share capital of Clarity on 29 September 2011 at 23 pence per share in Clarity, a premium of 7.75 pence to the previous closing price. On 11 November 2011, Enigmatic Investments Limited announced a revised offer of 25 pence per share in Clarity which remained open for acceptances until 1 December 2011. On 1 December 2011, Enigmatic Investments Limited announced that all of the conditions to its final offer for Clarity had been either satisfied or waived and that the final offer had become unconditional in all respects. As at 1.00 p.m. on 14 December 2011, Enigmatic Investments Limited had received valid acceptances in respect of 20,590,942 shares in Clarity representing 49.70 per cent. of the issued ordinary share capital of Clarity and Enigmatic Investments Limited holds a total of 10,909,898 Clarity shares, representing approximately 26.34 per cent. of the issued ordinary share capital of Clarity.

The Fund I GP has advised the Company that all portfolio company groups are on improving trends. Further details of the portfolio companies are set out in Part 3.

As at the date of this document, Fund I has made and/or is seeking to make the following investments, all of which will, upon conversion, be attributed through Fund I to the 2009 Cell:

		£m			% of Portfolio
Investment	**Sector**	**Committed as at 15 December 2011**	**Invested as at 15 December 2011**	**Valuation as at 30 September 2011**	**Valuation as at 30 September 2011**
Gardner Group	Aerospace Manufacturing	37.5	37.5	52.6	26.2
Reader's Digest	Direct Marketing	23.0	21.5	18.0	9.0
Calyx Group	Information Systems	28.5	27.8	34.5	17.2
Santia	Business Services	15.0	13.0	17.1	8.5
DigiPoS	Information Systems	21.0	21.0	21.0	10.5
Fairline	Boat Manufacturing	16.6	15.0	15.0	7.5
Spicers[1]	Office Supplies	40.0	32.0	32.0	15.9
Clarity[2]	Information Systems	10.5	10.5	10.5	5.2
		192.1	178.3	200.7	100.0

Notes:

(1) £32 million has been transferred into an escrow account, to be drawn at completion;

(2) On 1 December 2011, Enigmatic Investments Limited announced that all of the conditions to its final offer for Clarity had been either satisfied or waived and that the final offer had become unconditional in all respects. As at 1.00 p.m. on 14 December 2011, Enigmatic Investments Limited had received valid acceptances in respect of 20,590,942 shares in Clarity representing 49.70 per cent. of the issued ordinary share capital of Clarity and Enigmatic Investments Limited holds a total of 10,909,898 Clarity shares, representing approximately 26.34 per cent. of the issued ordinary share capital of Clarity.

For further information on the Company and Better Capital Fund I, please see Parts 2 and 3 below.

7. SUMMARY OF THE PRINCIPAL TERMS OF THE FIRM PLACING AND PLACING AND OPEN OFFER

7.1 Structure

The Directors have given careful consideration as to the structure of the proposed fundraising and the Conversion and have concluded that the Firm Placing and Placing and Open Offer is the most suitable option available to the Company and its Shareholders at this time.

158,244,920 of the 2012 Shares will be issued through the Firm Placing at 100 pence per 2012 Share and up to 41,356,190 of the 2012 Shares will be issued through the Placing and Open Offer at 100 pence per 2012 Share (to raise in aggregate gross proceeds of up to approximately £200 million).

7.2 Firm Placing

The Firm Placees required the Firm Placing in order to give them certainty as to the size of their shareholding following the fundraising. The Firm Placees have agreed to subscribe for 158,244,920 of the 2012 Shares at the Issue Price (representing gross proceeds of approximately £158.2 million). The Firm Placed Shares are not subject to clawback and are not part of the Placing and Open Offer.

7.3 Placing and Open Offer

The Directors recognise the importance of pre-emption rights to Shareholders and consequently up to 41,356,190 of the 2012 Shares proposed to be issued by the Company at the Issue Price are being offered to Existing Shareholders by way of the Open Offer (representing gross proceeds of up to approximately £41.4 million). The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by both subscribing for their respective Basic Entitlements and by subscribing for Excess Shares under the Excess Application Facility, subject to availability.

Qualifying Shareholders will have a Basic Entitlement of:

one Open Offer Share for every five Existing Shares

registered in the name of the relevant Qualifying Shareholder on the Record Date.

Qualifying Shareholders may also apply, under the Excess Application Facility, for a maximum number of Excess Shares equal to 0.7 times the number of Shares held by them at the Record Date, entitlements being rounded down to the nearest whole number. Applications under the Excess Application Facility may be allocated in such manner as the Directors determine, in their absolute discretion.

The Conditional Placees have agreed to subscribe for Conditional Placed Shares pursuant to the Placing. The Company and Numis reserve the right to accept further Conditional Placees up to 10 January 2012, subject to the total number of Conditional Placed Shares not exceeding 41,356,190. In the event that valid acceptances are not received in respect of any of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and, to the extent that there remain any unallocated Open Offer Shares, such number as Conditional Placees have agreed to subscribe for, in aggregate, under the Placing will be placed to such Conditional Placees. To the extent that the Open Offer Shares are not taken up under the Open Offer or the Placing, the Company would receive less than the gross proceeds under the Open Offer, which are estimated to be a maximum of £41.4 million.

7.4 Excess Application Facility

Subject to availability, the Excess Application Facility enables Qualifying Shareholders who have taken up their Basic Entitlement in full to apply for any whole number of Excess Shares in addition to their Basic Entitlement up to a maximum number of Excess Shares equal to 0.7 times the number of Shares they held at the Record Date. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete the relevant sections on the Non-CREST Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account

in CREST and should refer to paragraph 4 of Part 7 (*Terms and Conditions of the Open Offer*) for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Excess applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

7.5 **Application procedure under the Open Offer**

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to above. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 2 on their Non-CREST Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

Qualifying Shareholders with holdings of Existing Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Entitlements, as will holdings under different designations and in different accounts.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlement and also in respect of their Excess CREST Open Offer Entitlement as soon as possible after 8.00 a.m. on 20 December 2011.

Application will be made for these Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. It is expected that these Basic Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 20 December 2011.

These Basic Entitlements and Excess CREST Open Offer Entitlements will also be enabled for settlement in CREST as soon as possible after 8.00 a.m. on 20 December 2011. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying CREST Shareholders should note that, although their Basic Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that their Non-CREST Application Form is not a negotiable document and cannot be traded.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 7 (*Terms and Conditions of the Open Offer*) and, where relevant, on the Non-CREST Application Form.

7.6 **Conditionality**

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon the following:

- the passing of the Resolutions to be proposed at the Extraordinary General Meeting to be held at 10.00 a.m. on 11 January 2012, notice of which is set out in the back of this document;
- Admission by not later than 8.00 a.m. on 13 January 2012 (or such later date as may be agreed between the Company and Numis being no later than 31 January 2012); and
- the Placing Agreement becoming unconditional in all respects.

If the Resolutions referred to above are not passed or Admission does not take place at 8.00 a.m. on 13 January 2012 (or such later date as the Company and Numis may agree, not being later than 8.00 a.m. on 31 January 2012), the Firm Placing and Placing and Open Offer will lapse, any Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will, after that time and date be disabled and application monies received under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

7.7 **Applications for Admission**

Application will be made to the UK Listing Authority for the 2012 Shares to be listed on the Official List (listing category premium equity closed ended investment funds) and to the London Stock Exchange for the 2012 Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Subject to, among other things, the Resolutions being passed, it is expected that Admission will become effective at 8.00 a.m. on 13 January 2012 and that dealings for normal settlement in the 2012 Shares will commence at 8.00 a.m. on the same day. It is expected that Conversion will take effect on 12 January 2012. No temporary documents of title will be issued in respect of the 2012 Shares and certificates in respect of Existing Shares will remain valid.

In connection with the application for Admission and the Firm Placing and Placing and Open Offer, the Company has entered into the Placing Agreement with Numis. For more information on the Placing Agreement, see paragraph 15 of Part 12 (*Additional Information*).

7.8 **Important notice**

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and, to the extent that there remain any unallocated Open Offer Shares, such number as Conditional Placees have agreed to subscribe for, in aggregate, under the Placing will be placed to such Conditional Placees and that the net proceeds will be retained for the benefit of the Company. To the extent that the Open Offer Shares are not taken up under the Open Offer or the Placing, the Company would receive less than the gross proceeds under the Open Offer, which are estimated to be a maximum of £41.4 million.

Any Qualifying Shareholder who has sold or transferred all or part of its or his registered holding(s) of Existing Shares prior to 8.00 a.m. on 20 December 2011, when the Existing Shares were marked "ex" the entitlement to the Open Offer is advised to consult its or his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from it or him under the rules of the London Stock Exchange by those who purchased its or his holding(s) (or part thereof).

8. FINANCIAL IMPACT OF THE PROPOSALS

Following Conversion, the Existing Shares shall become the 2009 Shares representing interests in the 2009 Cell which will be legally segregated from the 2012 Cell. The 2009 Shares will not as a consequence of Conversion or the Firm Placing and Placing and Open Offer suffer a dilution of their economic interests in the assets and liabilities of the Company upon Conversion, including their interests in Better Capital Fund I.

9. RELATED PARTY TRANSACTION

Jon Moulton holds approximately 9.44 per cent. of the Existing Shares (as at 15 December 2011, being the latest practicable date prior to publication of this document). Jon Moulton has entered into a placing letter with Numis under which he has agreed to subscribe for 30 million of the 2012 Shares pursuant to the Firm Placing in place of his participation in the Open Offer. The subscription for 30 million of the 2012 Shares is in excess of Jon Moulton's Basic Entitlement under the Open Offer and therefore constitutes a related party transaction under the Listing Rules. Accordingly, Shareholder approval is required with regard to this related party transaction and a resolution will be proposed at the General Meeting to give this approval (see Resolution 6 in paragraph 11 below). Jon Moulton will not, and has undertaken to take all reasonable steps to ensure that his associates will not, vote on the relevant resolution at the General Meeting.

10. DIVIDEND POLICY

The dividend policy of the Company is that the Directors intend to make distributions to Shareholders as and when such distributions are, in their view, feasible.

Following the Conversion, the Directors intend to assess the position for distributions on the basis of the position of each Cell assessed separately and independently from any other Cells. The Directors intend to make distributions in respect of the 2009 Cell and/or the 2012 Cell (as applicable) as and when such distributions are, in their view, feasible with regard to the position of the relevant Cell and the Companies Law.

It is the current intention of the Directors to declare a dividend on the 2009 Shares in relation to any cash within the 2009 Cell deemed surplus by the Board as a consequence of the arrangements for ongoing expenses described in paragraph 3 above.

11. EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting, to be held at 10.00 a.m. on 11 January 2012 at the offices of Heritage International Fund Manager Limited, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY is set out at the end of this document. The Extraordinary General Meeting is being convened for the purpose of considering and, if thought fit, passing the Resolutions.

In order to effect the Conversion, Existing Shareholders will need to pass each Resolution described below.

Resolution 1: Conversion

This special resolution:

- approves the Conversion of the Company into a PCC;
- attributes all of the members, shares, capital, assets and liabilities of the Company (other than the rights and obligations of the Company arising pursuant to the Company Administration Agreement) including through its investment in Better Capital Fund I to Better Capital 2009 Cell;
- approves the change of the Company's name to "Better Capital PCC Limited";
- approves the alteration of the Company's Memorandum to reflect:
  - the change of the Company's name to "Better Capital PCC Limited"; and
  - that the Company will be a PCC.
- approves the adoption of the Revised Articles which include the following material changes to the Company's current articles of incorporation:
  - authorising the Directors to establish separate cells;
  - providing that the proceeds, if any, from any issue of shares in respect of a cell shall be for the account of that particular cell;
  - attributing the current members, shares, capital, assets and liabilities of the Company (other than the rights and obligations of the Company arising pursuant to the Company Administration Agreement) including through its investment in Fund I to Better Capital 2009 Cell;
  - providing that the Cellular Assets of a Cell shall be applied in the books of the Company exclusively to that Cell;
  - providing that any costs, expenses or liabilities incurred by the Company that are specifically attributable to a particular Cell shall be satisfied only out of the assets of such Cell and no recourse may be made to any other Cell of the Company or the Core;
  - providing that any costs, expenses or liabilities incurred by the Company that are not specifically attributable to a particular Cell shall be satisfied out of Cellular Assets attributable to each Cell or a Cell in such proportion as is, in the Directors' opinion, equitable including in proportion to the NAV of each Cell;
  - providing that any assets acquired by the Company that are not acquired using the assets (or proceeds from the disposal of assets) of a particular Cell shall be Core Assets and shall not be attributed to a Cell;
  - providing that voting arrangements at a general meeting of the Company shall be that every holder of Cell Shares will have a vote upon a show of hands and, upon a poll in a general meeting, a vote weighted to the respective estimated NAV per Cell Share, where

a vote cast in relation to each 2009 Share shall count as 1.1096 towards the total and a vote cast in relation to each 2012 Share shall count as 0.9770 towards the total; and

– providing for certain matters affecting a particular Cell to be voted upon by the holders of shares in that Cell only;

- proposes the date on which the Conversion shall become effective; and
- approves the changes to the Company's investment policy with effect from the conversion to a protected cell company and creation of Better Capital 2012 Cell.

Resolution 2: Authority to issue the 2012 Shares and the Core Shares

This special resolution is conditional on the passing of Resolution 1 and authorises the Directors to issue the 2012 Shares in connection with and for the purposes of the Firm Placing and Placing and Open Offer and to issue 100 Core Shares to the Purpose Trust.

Resolution 3: Authority to buy back Shares

This ordinary resolution is conditional on the passing of Resolution 1 and authorises the Company to buy back any of the 2009 Shares and/or the 2012 Shares, subject to limits on minimum and maximum purchase price and number of the 2009 Shares and/or the 2012 Shares. This authority replaces the authority granted by Shareholders at the Company's last annual general meeting. The Directors believe that it is desirable for the Company to have this authority to buy back Cell Shares, although the Directors do not currently intend to exercise such an authority.

Resolution 4: Disapplication of pre-emption rights in respect of 2009 Shares

This special resolution is conditional on the passing of Resolution 1 and gives the Directors authority until the expiry of the Annual General Meeting of the Company in 2012 to issue up to five per cent. of the 2009 Shares free of restrictions under the Articles, which would otherwise require the Company first to offer the new 2009 Shares to the current holders of the 2009 Shares (although the Directors have no current intention to use this authority).

Resolution 5: Disapplication of pre-emption rights in respect of 2012 Shares

This special resolution is conditional on the passing of Resolutions 1 and 2 and gives the Directors authority until the expiry of the Annual General Meeting of the Company in 2012 to issue up to five per cent. of the 2012 Shares free of restrictions under the Articles, which would otherwise require the Company first to offer the new 2012 Shares to the holders of the 2012 Shares. Although the Directors have no current intention to use this authority the Board reserves the right to utilise it in circumstances deemed appropriate.

Resolution 6: Approval of related party transaction

This ordinary resolution is conditional on the passing of Resolutions 1 and 2 and proposes to approve the issue of 30 million of the 2012 Shares to Jon Moulton in connection with the Firm Placing as a related party transaction. Pursuant to the requirements of the Listing Rules, Jon Moulton will not, and has undertaken to take all reasonable steps to ensure that his associates will not, vote on this Resolution 6 at the General Meeting.

In the event that Resolutions 1 or 2 are not passed by the required majority of Shareholders attending and voting (whether in person or proxy) at the EGM, then the remaining Resolutions cannot be passed and the proposals described in this document will not occur. Accordingly, the Company will then not convert to a protected cell company and there will be no Firm Placing and Placing and Open Offer. The Company will continue as a feeder fund in Fund I in accordance with its current investment policy and Fund II will not be established on the basis described in this document. Resolutions 3, 4 and 5 are proposed in order to update and replace the authorities granted to the Directors at the Annual General Meeting of the Company held on 24 May 2011, to grant such authorities in respect of both the 2009 Shares and the 2012 Shares. The Directors have no current intention to use the authorities granted by Resolutions 3, 4 and 5, but such authorities are considered desirable to provide maximum flexibility in the management of the Company's capital base. Resolution 6 is proposed in order to approve the participation by Jon Moulton in the Firm Placing as a related party transaction, and therefore requires shareholder approval pursuant to the requirements of the Listing Rules. In the event that Resolution 6 is not passed,

the Company may then not be in a position to achieve the desired proceeds under the Firm Placing and Placing and Open Offer and there will be no Firm Placing and Placing and Open Offer.

12. ACTION TO BE TAKEN

12.1 **Extraordinary General Meeting**

A Form of Proxy for use at the Extraordinary General Meeting for those holding their Shares in certificated form is enclosed with this document. Whether or not you intend to be present at the meeting, the Form of Proxy should be completed in accordance with the instructions printed thereon and returned by post or by hand (during normal business hours only) to the Receiving Agent as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 9 January 2012.

If you hold Existing Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Receiving Agent (CREST participant ID RA10), so that it is received by no later than 10.00 a.m. on 9 January 2012.

If the Form of Proxy is not returned or the CREST Proxy Instruction is not submitted by 10.00 a.m. on 9 January 2012, your vote will not count.

12.2 **Open Offer**

12.2.1 *Qualifying Non-CREST Shareholders (i.e. holders of Shares who hold their Shares in certificated form)*

If you are a Qualifying Non-CREST Shareholder you will receive a Non-CREST Application Form which gives details of your Basic Entitlement under the Open Offer (as shown by the number of Open Offer Entitlements set out in Box 2 of the Non-CREST Application Form). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Non-CREST Application Form in accordance with the procedure for application set out in paragraph 4 of Part 7 (*Terms and Conditions of the Open Offer*) and on the Non-CREST Application Form itself. Qualifying Shareholders who wish to subscribe for more than their Basic Entitlement should complete Boxes 6, 7 and 8 on the Non-CREST Application Form. Completed Non-CREST Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4 of Part 7 (*Terms and Conditions of the Open Offer*), should be posted using the accompanying pre-paid envelope (if posted from the UK) or returned by post to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by hand (during normal business hours only) to the same address, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 10 January 2012. If you do not wish to apply for any 2012 Shares under the Open Offer, you should not complete or return the Non-CREST Application Form.

12.2.2 *Qualifying CREST Shareholders*

If you are a Qualifying CREST Shareholder you will not be sent a Non-CREST Application Form. You will receive a credit to your appropriate stock account in CREST in respect of the Basic Entitlement under the Open Offer and also an Excess CREST Open Offer Entitlement for use in connection with the Excess Application Facility. You should refer to the procedure for application set out in paragraph 4 of Part 7 (*Terms and Conditions of the Open Offer*). The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4 of Part 7 (*Terms and Conditions of the Open Offer*) by no later than 11.00 a.m. on 10 January 2012. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an appropriately qualified independent professional adviser.

13. OVERSEAS SHAREHOLDERS

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Shares for the benefit of such persons (including, without limitation, subject to certain exceptions, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to

forward this document, the Form of Proxy or (if applicable) a Non-CREST Application Form to such persons, is drawn to the information which appears in paragraph 4 of Part 7 (*Terms and Conditions of the Open Offer*) of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including, without limitation, the United States or any other Restricted Jurisdiction) should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Open Offer.

14. TAXATION

The taxation consequences of the Conversion and the Firm Placing and Placing and Open Offer will depend upon the jurisdiction in which the relevant Shareholders are resident for tax purposes. Summaries of the UK tax consequences of the Conversion and the Firm Placing and Placing and Open Offer for Shareholders resident for tax purposes in the UK are set out in paragraph 12 of Part 12 (*Additional Information*) of this document.

This information is intended only as a general guide to the current UK tax position. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser immediately.

15. FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts 7 (*Terms and Conditions of the Open Offer*) to Part 14 (*Definitions*) of this document, as well as the Notice of Extraordinary General Meeting set out at the end of this document. Shareholders should read the whole of this document and not rely solely on the information set out in this letter. In particular, you should consider the risk factors set out on pages 10 to 29 of this document.

16. INTENTIONS OF DIRECTORS AND THE MANAGING MEMBERS OF THE CONSULTANT

The Directors currently beneficially own, in aggregate, 330,000 Existing Shares representing approximately 0.16 per cent. of the existing issued ordinary share capital of the Company as at 15 December 2011 (being the latest practicable date prior to publication of this document). The Directors intend to subscribe for an aggregate of 650,000 of the 2012 Shares pursuant to the Firm Placing and Placing and Open Offer, following which the Directors will own, in aggregate, 330,000 of the 2009 Shares representing approximately 0.16 per cent. of the 2009 Shares and 650,000 of the 2012 Shares representing approximately 0.41 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Jon Moulton has entered into a placing letter with Numis under which he has agreed to subscribe for 30 million of the 2012 Shares pursuant to the Firm Placing in place of his participation in the Open Offer. Including this latest subscription, Jon Moulton will have invested an aggregate of £49.75 million in the share capital of the Company and has indicated that he intends to contribute significantly to future fundraisings although he cannot commit that future participation will be *pro rata* to his existing investment. The interests in the Company that are attributable to Jon Moulton and persons connected with him will represent approximately 9.44 per cent. of the 2009 Shares and approximately 18.96 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Mark Aldridge and Nick Sanders have each agreed to subscribe for 2012 Shares pursuant to the Firm Placing and Placing such that they will each subscribe for 450,000 of the 2012 Shares, in aggregate 900,000. The interests in the Company that are attributable to Mark Aldridge and Nick Sanders and persons connected with them will represent, in aggregate, approximately 0.17 per cent. of the 2009 Shares and approximately 0.57 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer). In addition, other members and employees of the Consultant intend to subscribe for an aggregate of 242,020 of the 2012 Shares pursuant to the Firm Placing representing approximately 0.15 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Each of Jon Moulton, Mark Aldridge and Nick Sanders has severally undertaken to the Company and Numis that he will not: (i) during the period from Admission until the first anniversary of the date of

Admission dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the end of the Fund II Investment Period dispose of seventy (70) per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer as described in further detail in paragraph 16.4 of Part 12.

17. JOHN CAUDWELL AND BRIAN CAUDWELL

John Caudwell has entered into a placing letter with Numis under which he has agreed to subscribe for 50 million of the 2012 Shares under the Firm Placing at the Issue Price and Brian Caudwell has entered into a placing letter with Numis under which he has agreed to subscribe for 7.5 million of the 2012 Shares under the Firm Placing and a further 2.5 million of the 2012 Shares under the Placing. John Caudwell and Brian Caudwell have been deemed to be acting in concert for the purposes of the Takeover Code and, when considered together, and assuming Brian Caudwell will participate in full in the Placing, their combined shareholding will represent:

- approximately 28.8 per cent. of the 2012 Shares in issue following Admission on the assumption that the Open Offer is fully subscribed, or 36.3 per cent. of the 2012 Shares in issue following Admission on the assumption that no 2012 Shares are subscribed for under the Open Offer; and
- approximately 56,177,500 voting rights representing approximately 13.2 per cent. of the overall votes available to be cast in a general meeting of the Shareholders of the Company on the assumption that the Open Offer is fully subscribed, or 14.6 per cent. of overall votes available to be cast in a general meeting of the Shareholders of the Company on the assumption that no 2012 Shares are subscribed for under the Open Offer.

The Company and Numis have received separate undertakings from John Caudwell and Brian Caudwell, as detailed in paragraph 16.11 of Part 12. John Caudwell and Brian Caudwell have each severally agreed that he will not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the second anniversary of the date of Admission dispose of seventy (70) per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer and, subject to certain exceptions, following the second anniversary of the date of Admission, shall consult with Numis and the Company so far as is reasonably practicable in the circumstances having regard as is reasonable in the circumstances to the Company's desire to ensure an orderly market for its shares as described in further detail in paragraph 16.4 of Part 12.

18. RECOMMENDATION

The Board believes that the Resolutions are in the best interests of the Shareholders as a whole.

The Board, which has been so advised by Numis, considers that the Related Party Transaction is fair and reasonable so far as the Shareholders of the Company are concerned and proposes that the Shareholders approve the Related Party Transaction with Jon Moulton pursuant to Resolution 6 in the notice of General Meeting appended to this Prospectus. In providing advice to the Board, Numis has taken into account the Directors' commercial assessment of the Related Party Transaction. In this regard, Jon Moulton will not, and has undertaken to take all reasonable steps to ensure that his associates will not, vote on this Resolution 6 at the General Meeting.

Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions as those Directors who are Shareholders intend to in respect of their own beneficial holdings which amount in aggregate to 330,000 Shares, representing approximately 0.16 per cent. of the existing issued ordinary share capital of the Company as at 15 December 2011, being the latest practicable date prior to publication of this document.

Yours faithfully

Richard Crowder
Chairman

Part 2:

Better Capital Limited and the Investment Policy

1. INTRODUCTION

1.1 Better Capital Limited

Better Capital Limited is currently a non-cellular company limited by shares, which was incorporated on 24 November 2009 in Guernsey with an unlimited life and registered with the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law and is required to comply with the RCIS Rules but is not otherwise regulated or authorised.

1.2 Better Capital PCC Limited following the Conversion

Following the Conversion, the Company will be a protected cell company limited by shares. It will maintain its date of incorporation, 24 November 2009 in Guernsey, continue with an unlimited life and continue to be registered with the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law and shall continue to be required to comply with the RCIS Rules but shall not be otherwise regulated or authorised.

1.3 The Company's Investment Policy following Conversion

Following Conversion and subject to the Resolutions being passed at the EGM, the Company's investment policy will be amended to reflect the position that there will be two discrete, segregated pools of assets, one represented by the 2009 Cell into which the holders of the 2009 Shares will be invested and one represented by the 2012 Cell into which the holders of the 2012 Shares will be invested. The Company's investment policy is described in section 2 below.

1.4 Implementing the Investment Policy

The Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy. The Company can only invest in relation to Better Capital 2009 Cell in Better Capital Fund I and the Company can only invest in relation to Better Capital 2012 Cell in Better Capital Fund II. The Company cannot make any other investments without Shareholder consent to a change to its investment policy by way of ordinary resolution in general meeting.

Fund I GP will manage Fund I and will invest and manage its assets in a way which is consistent with the objective of spreading investment risk and in accordance with the investment policy applicable to Fund I described in section 2.1 below.

Fund II GP will manage Fund II and will invest and manage its assets in a way which is consistent with the objective of spreading investment risk and in accordance with the investment policy applicable to Fund II described in section 2.2 below.

1.5 Breach of the Investment Policy

The Listing Rules prescribe certain investment restrictions applicable to the Company as a closed-ended investment fund. In accordance with the requirements of the Listing Rules, the Company will not invest more than 10 per cent., in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other investment companies or investment trusts which are listed on the Official List (save to the extent that those investment companies or investment trusts have stated investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List). This is satisfied through the fact that the Company has only made, and can only make, investments through the 2009 Cell in Fund I and through the 2012 Cell in Fund II. The Company cannot make any other investments without Shareholder consent to a change to its investment policy by way of ordinary resolution in general meeting. Shareholders will be informed through the London Stock Exchange (via a Regulatory Information Service) if the Directors become aware of any breach of the investment restrictions which the Directors consider to be material and an extraordinary general meeting of the Company may be convened for the purposes of seeking Shareholder ratification of the breach.

The Company's investment policy prescribes investment restrictions applicable to Fund I (as described in section 2.1 below) and investment restrictions applicable to Fund II (as described in section 2.2 below). These investment restrictions reflect the Company's obligations to 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 and are set out in the terms of the Fund I Partnership Agreement and the Fund II Partnership Agreement as applicable.

If the Directors become aware of any breach by Fund I GP of the investment restrictions applicable to Fund I GP under the terms of the Fund I Partnership Agreement which the Directors consider to be material then Shareholders will be informed through the London Stock Exchange (via a Regulatory Information Service) and an extraordinary general meeting of the holders of the 2009 Shares may be convened for the purposes of seeking ratification of the breach. Alternatively, or if the breach is not ratified by the holders of the 2009 Shares, in accordance with the terms of the Fund I Partnership Agreement, the Fund I GP can be expelled from Fund I at any time and without compensation for termination if, among other things, it has committed a material breach of its obligations under the Fund I Partnership Agreement and such breach is not remedied within 28 days after receiving notice to remedy such breach. Failure to comply in all material respects with the investment policy as set out in the Fund I Partnership Agreement would constitute an event of termination. Upon expulsion of the Fund I GP, the Company would seek to appoint an alternative general partner to manage Fund I or would seek to wind-up Fund I and distribute the proceeds to holders of the 2009 Shares.

If the Directors become aware of any breach by Fund II GP of the investment restrictions applicable to Fund II GP under the terms of the Fund II Partnership Agreement which the Directors consider to be material then Shareholders will be informed through the London Stock Exchange (via a Regulatory Information Service) and an extraordinary general meeting of the holders of the 2012 Shares may be convened for the purposes of seeking ratification of the breach. Alternatively, or if the breach is not ratified by the holders of the 2012 Shares, in accordance with the terms of the Fund II Partnership Agreement, the Fund II GP can be expelled from Fund II at any time and without compensation for termination if, among other things, it has committed a material breach of its obligations under the Fund II Partnership Agreement and such breach is not remedied within 28 days after receiving notice to remedy such breach. Failure to comply in all material respects with the investment policy as set out in the Fund II Partnership Agreement would constitute an event of termination. Upon expulsion of the Fund II GP, the Company would seek to appoint an alternative general partner to manage Fund II or would seek to wind-up Fund I and distribute the proceeds to holders of the 2012 Shares.

1.6 **Amendments to the Company's investment policy**

Following Conversion and subject to the Resolutions being passed at the EGM, any subsequent changes to the Company's investment policy will require the following approvals:

- if the proposed amendments relate to the section of the investment policy relating to Fund I, such amendments will require approval of the holders of the 2009 Shares by ordinary resolution at a separate class meeting; and
- if the proposed amendments relate to the section of the investment policy relating to Fund II, such amendments will require approval of the holders of the 2012 Shares by ordinary resolution at a separate class meeting;

and the proposed amendments will then require the approval of all of the Company's shareholders by ordinary resolution in general meeting.

2. THE COMPANY'S INVESTMENT POLICY

Following Conversion, the Company will continue with the investment objective to generate attractive total returns for its Shareholders by investing in funds which will invest in portfolios of distressed businesses, and the Company will achieve this by:

- attributing to the 2009 Cell its current investment in Better Capital Fund I which has a portfolio of investments in distressed businesses; and

- investing the Net Placing Proceeds through the 2012 Cell in Better Capital Fund II which will invest in a portfolio of distressed businesses.

Returns for holders of the 2009 Shares and for holders of the 2012 Shares are expected to be largely from capital growth.

Better Capital 2009 Cell

The Company's investment policy in relation to Fund I, which will be implemented through the 2009 Cell holding the Company's investments in Fund I, is the same as the current investment policy of the Company as published in the Company's prospectus dated 10 June 2010. The Company's investment policy in relation to Fund I is described in section 2.1 below. Fund I seeks to invest in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on investments in businesses which have significant activities within the United Kingdom or Ireland. The proposed changes to the Company's current investment policy will be the addition of the Company's investment policy in relation to Fund II.

Better Capital 2012 Cell

The Company's investment policy in relation to Fund II, which will be implemented through the 2012 Cell investing in Fund II, is described in section 2.2 below. The Company's investment policy in relation to Fund II is substantially similar to the Company's investment policy in relation to Fund I, save that in particular:

- uninvested or surplus capital or assets may be invested in cash deposits or high interest accounts (but not money market instruments, bonds or commercial paper or government or public securities as permitted for Fund I);
- the aggregate amount deposited or invested with a single bank shall not exceed £50 million (limited to £35 million for Fund I);
- investments up to 30 per cent. of Fund II Total Commitments in a single company (or group of companies) will be permitted (up to 20 per cent. for Fund I); and
- investments of an aggregate amount up to 20 per cent. of the Fund II Total Commitments may be invested in:
  - the securities of companies which do not have significant activities within the UK or Ireland; and/or
  - investments which do not (when taken together with the co-investments held by any parallel vehicles) whether by voting rights or otherwise, confer control (directly or indirectly) over the relevant business (no comparable permissions for Fund I).

2.1 **Investment Policy: Better Capital 2009 Cell**

The Company will implement its investment policy in relation to the 2009 Cell by attributing its current investment in Fund I to the 2009 Cell. Its investment policy will be implemented through Fund I managed by Fund I GP in accordance with the following:

Better Capital Fund I investment objective and policy

Fund I seeks to invest in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on investments in businesses which have significant activities within the United Kingdom or Ireland.

Uninvested or surplus capital or assets may be invested on a temporary basis in:

- cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" or higher credit rating as determined by any reputable rating agency selected by the Fund I GP; and
- any "government and public securities" as defined for the purposes of the FSA Rules.

The aggregate amount deposited or invested with any single such bank or other counterparty (including their associates) or in government and public securities of any single issue, shall not exceed £35 million.

Fund I investment restrictions

Fund I must, at all times, invest and manage its assets in a way which spreads investment risk and in accordance with the following:

Fund I will not:

- without the consent of the Company acting through 2009 Cell, invest directly or indirectly, (excluding any Bridging Investments) an aggregate amount representing, at the time of investment, more than 20 per cent. of the Fund I Total Commitments in the securities of any single company or group of companies;
- invest more than 10 per cent. of the Fund I Total Commitments (at the time of investment) in quoted companies or securities representing or convertible into quoted securities, provided that such restriction shall not apply to:
  - quoted positions in companies in respect of which there is an intention to become unquoted, or which become quoted after investment by Fund I;
  - the short term investment of monies pending deployment into turnaround opportunities; or
  - investments that have (in the opinion of the Fund I GP) the character of a private equity investment (which would generally include the ability to exert significant influence over value creation and/or the strategic direction of such entity);
- engage in speculative investment in activities such as commodities, commodity contracts or forward currency contracts (provided however that this shall not prevent Fund I from entering into investment activities which are regarded by the Fund I GP as being protective of the interests of Fund I);
- enter into any transaction where a security is sold short or where Fund I has an uncovered position (other than for the purposes of hedging in connection with an investment); or
- other than as required for the purposes or efficient portfolio management, invest at any time in any option, futures contract, total return swap, derivative, contract for difference or other similar instrument (excluding convertible securities or similar arrangements).

Fund I may make investments in collective investment schemes (including unregulated collective investment schemes and collective investment schemes operated or advised by the Fund I GP or its associates) but shall not make any investment in any fund or collective investment scheme which involves paying any additional management fees or carried interest (or equivalent) to any fund or investment manager.

Fund I Borrowings

As part of its investment policy, no borrowings can be made by the Company in relation to the 2009 Cell.

Fund I is permitted to borrow, on a short term basis, for any purpose, up to an aggregate amount limited to an amount equal to 10 per cent. of Total Commitments. It is not expected that Fund I will borrow and Fund I is not permitted to incur long term borrowings.

There is no restriction on borrowings at levels below that of Fund I, but it is anticipated that there will be limited scope for such borrowing given the nature of the businesses in which Fund I has invested.

Amendments to the Fund I investment policy

The Company acting in relation to the 2009 Cell will at all times procure that the Fund I GP is obliged to comply with the investment objective, policy and restrictions of Fund I under the terms of the Fund I Partnership Agreement. In order to achieve an appropriate level of certainty for holders of the 2009 Shares, the investment objective, policy and restrictions of Fund I have been entrenched in the Fund I Partnership Agreement and cannot be varied without an amendment to the Fund I Partnership Agreement, which would require the consent of the Company acting in relation to the 2009 Cell. The Company will seek approval of the holders of

the 2009 Shares by way of ordinary resolution before consenting to an amendment to the investment plolicy set out in the Fund II Partnership Agreement.

Fund I Investment Period and Reinvestment of Proceeds

The Fund I Investment Period is the period from 21 December 2009 to 31 December 2012, provided that such period may be extended by up to 12 calendar months by the Fund I GP with the consent of the Company acting in relation to the 2009 Cell, and may be terminated earlier following an Executive Departure (as defined in the Fund I Partnership Agreement). During the Fund I Investment Period, the Fund I GP may apply amounts committed to Fund I or reinvest the proceeds of any realised investments into new investment opportunities in accordance with the investment objective, policy and restrictions, or otherwise apply such commitments or proceeds in the pursuit of the business of Fund I.

Following the expiry of the Fund I Investment Period, the Fund I GP may not make any new investments, or otherwise apply amounts committed to Fund I or reinvest proceeds received other than in the following limited circumstances, namely:

- for the purpose of paying any obligation of, or any of the expenses and liabilities of, Fund I;
- for the purpose of paying the Fund I GP's Share (including advances or loans in respect thereof);
- for the purpose of making investments or completing contracts committed or entered into before that date; and
- for the purpose of making Follow-On Investments.

2.2 **Investment Policy: Better Capital 2012 Cell**

The Company will implement its investment policy in relation to the 2012 Cell by attributing its current investment in Fund II to the 2012 Cell. Its investment policy will be implemented through Fund II managed by Fund II GP in accordance with the following:

Better Capital Fund II investment objective and policy

Fund II will seek to invest in a portfolio of businesses which have significant operating issues and may have associated financial distress, with a primary focus on investments in businesses which have significant activities within the United Kingdom or Ireland.

Uninvested or surplus capital or assets may be invested on a temporary basis in cash deposits or other high interest accounts. The Board will institute a cash management policy. The aggregate amount deposited or invested with any single bank or other counterparty (including their associates) other than at the launch of Fund II shall not exceed £50 million.

Fund II will seek to spread investment risk by constructing a portfolio diversified by the number of investments and by sector exposures. Specifically, it is intended that Fund II will invest in a minimum of six companies or groups of companies.

Fund II investment restrictions

Fund II must, at all times, invest and manage its assets in a way which spreads investment risk and in accordance with the following:

Fund II will not:

- invest directly or indirectly, (excluding any Bridging Investments) an aggregate amount representing, at the time of investment, more than:
  - 30 per cent. of the Fund II Total Commitments in the securities of any single company or group of companies; or
  - 20 per cent. of the Fund II Total Commitments in (i) the securities of companies which have significant activities outside of the United Kingdom or Ireland, and/or (ii) Investments which do not (when taken with the co-investments held by any parallel vehicles) whether by voting rights or otherwise, confer control (directly or indirectly) over the relevant business;

- invest more than 10 per cent. of the Fund II Total Commitments (at the time of investment) in quoted companies or securities representing or convertible into quoted securities, provided that such restriction shall not apply to:
  - quoted positions in companies in respect of which there is an intention to become unquoted, or which become quoted after investment by Fund II;
  - the short term investment of monies pending deployment into turnaround opportunities; or
  - investments that have (in the opinion of the Fund II GP) the character of a private equity investment (which would generally include the ability to exert significant influence over value creation and/or the strategic direction of such entity);
- engage in speculative investment in activities such as commodities, commodity contracts or forward currency contracts (provided however that this shall not prevent Fund II from entering into investment activities which are regarded by the Fund II GP as being protective of the interests of Fund II);
- enter into any transaction where a security is sold short or where Fund II has an uncovered position (other than for the purposes of hedging in connection with an investment); or
- other than as required for the purposes of efficient portfolio management, invest at any time in any option, futures contract, total return swap, derivative, contract for difference or other similar instrument (excluding convertible securities or similar arrangements).

Fund II may make investments in collective investment schemes (including unregulated collective investment schemes and collective investment schemes operated or advised by the Fund II GP or its associates) but will not be permitted to make any investment in any fund or collective investment scheme which involves paying any additional management fees or carried interest (or equivalent) to any fund or investment manager.

Fund II Borrowings

As part of its investment policy, no borrowings can be made by the Company in relation to the 2012 Cell.

Fund II is permitted to borrow, on a short term basis, for any purpose, up to an aggregate amount limited to an amount equal to 10 per cent. of Total Commitments. It is not expected that Fund II will borrow and Fund II is not permitted to incur long term borrowings.

There shall be no restriction on borrowings at levels below that of Fund II. However, the Directors anticipate that, in line with the practice followed for Fund I, only modest levels of borrowings will be made by portfolio companies.

Amendments to the Fund II Investment Policy

The Company acting in relation to the 2012 Cell will at all times procure that the Fund II GP is obliged to comply with the investment objective, policy and restrictions of Fund II under the terms of the Fund II Partnership Agreement. In order to achieve an appropriate level of certainty for holders of the 2012 Shares, the investment policy and restrictions of Fund II have been entrenched in the Fund II Partnership Agreement and cannot be varied without an amendment to the Fund II Partnership Agreement, which would require the consent of the Company acting in relation to the 2012 Cell. The Company will seek approval of the holders of 2012 Shares by way of ordinary resolution before consenting to an amendment to the investment policy set out in the Fund II Partnership Agreement.

Fund II Investment Period and Reinvestment of Proceeds

The Fund II Investment Period is the period from the date on which Fund II receives the Net Placing Proceeds from the 2012 Cell (which the Company intends to be within five Business Days of Admission) to 31 December 2014. Such period may be extended by up to 12 calendar months by the Fund II GP with the consent of the Company acting in relation to the 2012 Cell, and may be terminated earlier following an Executive Departure (as described on page 184). In the

event that the 2012 Cell increases its commitment to Fund II following a Follow-on Fundraising or any parallel vehicle is established as described in paragraph 3 of Part 4, the Fund II Investment Period may be extended by such additional periods as the Company acting in relation to the 2012 Cell and the Fund II GP may agree. During the Fund II Investment Period, the Fund II GP may apply amounts committed to Fund II or reinvest the proceeds of any realised investments into new investment opportunities in accordance with the investment objective, policy and restrictions, or otherwise apply such commitments or proceeds in the pursuit of the business of Fund II.

Following the expiry of the Fund II Investment Period, the Fund II GP will not be able to make any new investments, or otherwise apply amounts committed to Fund II or reinvest proceeds received other than in the following limited circumstances, namely:

- for the purpose of paying any obligation of, or any of the expenses and liabilities of, Fund II;
- for the purpose of paying the Fund II GP's Share (including advances or loans in respect thereof);
- for the purpose of making investments or completing contracts committed or entered into before that date; and
- for the purpose of making Follow-On Investments.

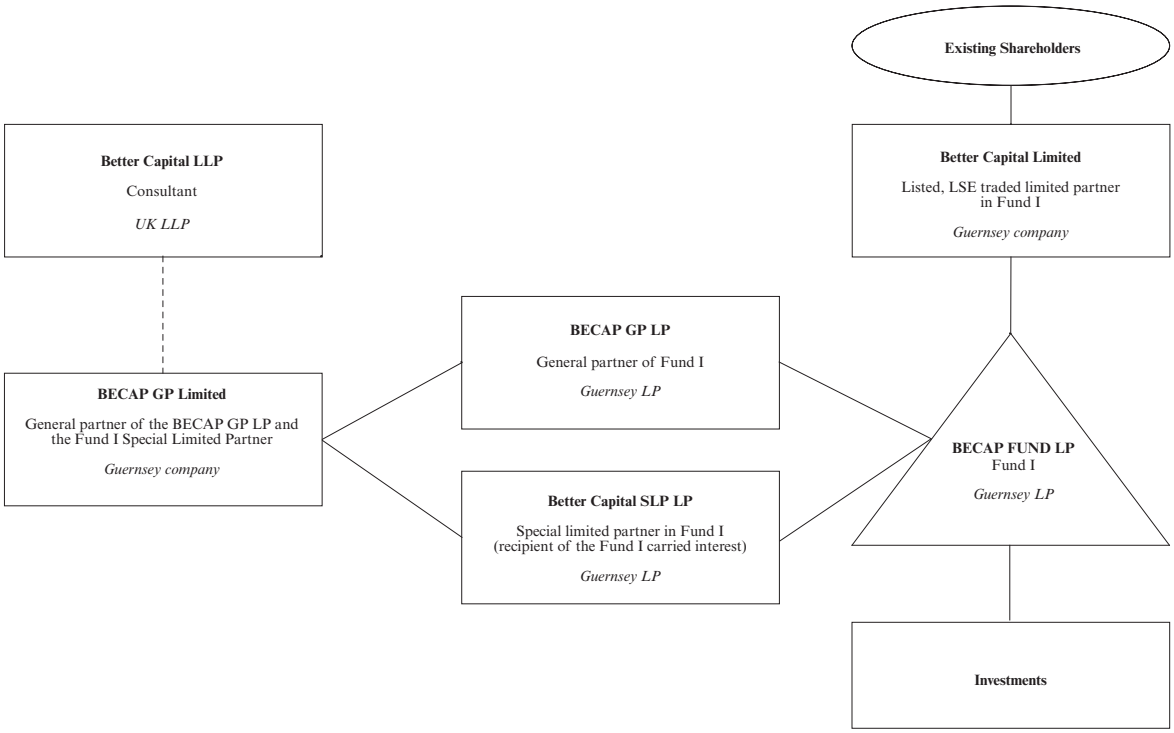
Part 3:
Better Capital Fund I

Fund I is a limited partnership registered in Guernsey pursuant to The Limited Partnerships (Guernsey) Law, 1995, as amended. It is registered with the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law and is required to comply with the RCIS Rules but is not otherwise regulated or authorised. Its relationship with the Company is governed by the Fund I Partnership Agreement.

The Fund I Partnership Agreement is summarised under the heading "Partnership Agreement" in paragraph 15.2 of Part 10 of the 2010 Prospectus. The summary set out under the heading "Partnership Agreement" in paragraph 15.2 of Part 10 of the 2010 Prospectus is incorporated by reference into this document.

1. FUND STRUCTURE

The organisational structure for the operation and management of Fund I as at the date of this document is illustrated in the following diagram:



2. BECAP GP LP

BECAP GP LP is a limited partnership registered in Guernsey pursuant to The Limited Partnerships (Guernsey) Law, 1995, as amended, registered on 25 November 2009 with registration number 1244 and having a duration linked to the duration of Fund I (or any successor limited partnership) (subject to certain exceptions).

BECAP GP LP, as the Fund I GP, has overall responsibility for the management and administration of the business and affairs of Fund I, including the management of its investments. The Fund I GP has full power and authority to identify, evaluate and negotiate investment opportunities, to prepare and approve investment agreements and to (or to agree to) subscribe for, purchase or otherwise acquire, alone or with others, investments falling within the investment policy of Fund I. It takes all investment decisions and is responsible for the negotiation and structuring of transactions.

Furthermore, the Fund I GP may sell, exchange or otherwise dispose of investments for the account of Fund I, and may enter into or execute investment agreements on behalf of Fund I accordingly and,

where appropriate, give warranties, guarantees and indemnities in connection with any such acquisition, sale, exchange or other disposal.

The Fund I GP is operated and managed by the Fund I GP Company in accordance with the terms of the limited partnership agreement constituting the Fund I GP. The Fund I GP Company is wholly owned by Jon Moulton, who is also one of its directors. The other directors of the Fund I GP Company are Mark Huntley (who is also a Director) and Laurence McNairn.

The Fund I GP is obliged, pursuant to the Fund I Partnership Agreement, to use all of its reasonable endeavours to ensure that, at all material times, it has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are, in the Fund I GP's reasonable opinion necessary or desirable for the performance of the Fund I GP's obligations under the Fund I Partnership Agreement.

The Fund I GP is also obliged, pursuant to the Fund I Partnership Agreement, to ensure that at all material times each of its associates which provide services to or in respect of Fund I (including the Consultant) has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are in the Fund I GP's reasonable opinion, necessary or desirable for the performance of their obligations to or in respect of Fund I.

3. THE CONSULTANT

BECAP GP relies on certain delegated service providers including, as to the consultancy services, the Consultant. The consultancy services include research and generic information gathering, accounting support, the identification of available acquisition and disposal of opportunities and administrative consultancy services. Fund I GP relies on the fund administration services provided by the Administrator.

Management of the business and affairs of the Consultant, whilst vested in its members generally, has been delegated to a committee comprising three members, Jon Moulton, Mark Aldridge and Nick Sanders.

Further details of the Consultant are set out in Part 6.

4. FUND I SPECIAL LIMITED PARTNER

Apart from the Company, the Fund I Special Limited Partner is the only other limited partner in Fund I and no further limited partners may be admitted without the consent of the Company in relation to the 2009 Cell. The Fund I Special Limited Partner is a Guernsey limited partnership which will receive the Fund I Carried Interest. The limited partners in the Fund I Special Limited Partner are certain principals of the Consultant and the Fund I GP.

5. PROFIT SHARE ARRANGEMENTS

The profit share arrangements involving the Fund I GP and the Fund I Special Limited Partner and provisions of the Fund I Partnership Agreement regarding the basis for removal of the Fund I GP are described under the headings "Profit share of the General Partner", "Profit Share of the Fund I Special Limited Partner" and "Removal of General Partner" in Part 4 of the 2010 Prospectus and the information contained under the headings "Profit share of the Fund I General Partner", "Profit Share of the Fund I Special Limited Partner" and "Removal of General Partner" in Part 4 of the 2010 Prospectus is incorporated by reference into this document.

6. INVESTMENT PROCESS

The investment process that the Fund I GP follows with respect to investments of Fund I is set out under the headings "Investment process", "Portfolio monitoring and optimisation" and "Exit planning and process" in Part 3 of the 2010 Prospectus and the information contained under the headings "Investment process", "Portfolio monitoring and optimisation" and "Exit planning and process" in Part 3 of the 2010 Prospectus is incorporated by reference into this document.

7, PORTFOLIO OF FUND I

The Company's sole investment is in Fund I. This section sets out a comprehensive and meaningful analysis of the investment portfolio of Fund I as at the date of this document.

As at the close of business on 30 September 2011 (being the latest practicable date prior to the publication of this document), the details of Fund I's investments are as follows:

	Nature of investment	Sector	Better Capital Fund Project cost* £m	Better Capital Fund fair value investment in SPVs** £m	Valuation percentage of NAV	Valuation methodology
Gardner Group	Debt and equity	Aerospace Manufacturing	36.0	52.6	22.93%	Earnings & Assets
Reader's Direct	Debt and equity	Direct Marketing	20.0	18.0	7.85%	Earnings
Calyx Group	Debt and equity	Information Systems	27.8	34.5	15.04%	Earnings & Assets
Santia	Debt and equity	Business Services	11.5	17.1	7.45%	Earnings
DigiPoS	Debt and equity	Information Systems	21.0	21.0	9.15%	Price of Recent Investment
Fairline	Debt and equity	Boat Manufacturing	15.0	15.0	6.54%	Price of Recent
Clarity	Equity	Information Systems	10.5	10.5	4.58%	Investment
			141.8	**168.7**	**73.54%**	
Better Capital Fund I cash on deposit				26.0	11.33%	
Better Capital Fund I & SPV combined other net assets				32.9	14.34%	
Company fair value of investment in Better Capital Fund I				**227.6**	**99.21%**	
Company cash on deposit				1.5	0.65%	
Company current assets less liabilities				0.3	0.14%	
Company NAV				**229.4**	**100.00%**	

* Better Capital Fund I holds its investments at acquisition cost in accordance with the terms of the Limited Partnership Agreement.

** The Company values its investment in the Better Capital Fund I in accordance with the accounting policies as set out in Notes 2 & 4 of the published interim financial report of the Company for the six month period to 30 September 2011.

Note: All investments are Sterling denominated, unlisted (save for Clarity which is the subject of a takeover offer as described in paragraph 7.8 below) and domiciled in the UK or Ireland.

Summary details of each investment are set out below.

7.1 Gardner

Business description

- A leading supplier of medium and high complexity machined metallic components to the aerospace industry.

Progress

- Site rationalisation programme moving at pace and to plan.
- New production facility on course for completion at the end of 2011.
- The acquisitions of RD Precision and Blade have been fully integrated.
- New contract wins will deliver significant organic growth.

Performance

- Trading in line with investment plan with profitability significantly up on prior period.

Better Capital Fund I investment details

	30 September 2011
Original investment (February 2010)	£14.9m
Acquisition of RD Precision (May 2010)	£3.6m
Acquisition of Blade (January 2011)	£2.5m
Purchase of new factory (March 2011)	£7.0m
Working capital facility (May 2011)	£8.0m
Total invested (by May 2011)	**£36.0m**
Total committed	**£36.0m**
Better Capital Fund I fair value (earnings and asset based)	**£52.6m**

7.2 **Reader's Digest**

Business description

- An iconic brand in direct marketing and publishing in the UK.

Progress

- Stabilised customer numbers after years of decline.
- Reduced cost base – headcount reduction, office relocation and supply chain re-design have delivered major savings.
- Improving the customer experience and initiated upselling activities through a new UK based call centre.
- New management team in place.

Performance

- The restructuring programme undertaken in Q2 & Q3 2011 is now completed and the company has now returned to profitability following a weak period of trading.

Better Capital Fund I investment details

	30 September 2011
Original investment (April 2010)	£13.0m
On-going restructuring programme	£2.0m
Working capital facility (July 2011)	£5.0m
Total invested (by July 2011)	**£20.0m**
Total committed	**£23.0m**
Better Capital Fund I fair value (earnings based)	**£18.0m**

7.3 **Calyx**

Business description

- A leading supplier of managed IT services and software mainly to small and medium sized enterprises.

Progress

- Integration of Touchstone, Trinity and Gyrosoft underway and benefits being realised.
- Re-focused Managed Services strategy towards outsourced IT solution provider.
- Work on improving back office systems substantially completed.
- Strong management team in place.

Performance

- Profitable and cash generative with software division performing particularly well.

Better Capital Fund I investment details

	30 September 2011
Original investment (September 2010)	£16.3m
Working capital facility	£5.5m
Acquisition of Touchstone (June 2011)	£2.5m
Acquisition of Trinity (June 2011)	£3.5m
Total invested (by June 2011)	**£27.8m**
Total committed	**£28.5m**
Better Capital Fund I fair value (earnings and assets based)	**£34.5m**

7.4 **Santia**

Business description

- Provider of consultancy and advisory health, safety and environmental services.

Progress

- Restructuring and IT system programmes on course to complete by December 2011.
- Relocation to a new head office completed in September 2011.
- New sales director appointed to drive growth.

Performance

- Trading profitably and revenue and further profit growth are predicted during 2012.

Better Capital Fund I investment details

	30 September 2011
Total invested (by February 2011)	**£11.5m**
Total committed	**£15.0m**
Better Capital Fund I fair value (earnings based)	**£17.1m**

7.5 **DigiPoS**

Business description

- A supplier of point of sale hardware and software and related services to retailers.

Progress

- Cost reduction plans in progress.
- Customer trials of new software product begin shortly.
- New management team in place.

Performance

- A very recent investment by Better Capital Fund I. DigiPoS is trading better than expected.

Better Capital Fund I investment details

	30 September 2011
Total invested (by July 2011)	**£21.0m**
Total committed	**£21.0m**
Better Capital Fund I fair value (price of recent transaction)	**£21.0m**

7.6 **Fairline**

Business description

- A leading global brand specialising in the design, engineering, manufacture and distribution of luxury boats in the range of 38 to 80 feet.

Progress

- Turnaround plan defined and in progress:
  - Supply contract negotiations.
  - Headcount reduction.
  - Driving production efficiency.
  - Driving overheads savings.
- Reviewing global dealer distribution

Performance

- A recent investment by Better Capital Fund I but already returned to profitability.

Better Capital Fund I investment details

	30 September 2011
Total invested (by July 2011)	**£15.0m**
Total committed	**£16.6m**
Better Capital Fund I fair value (price of recent transaction)	**£15.0m**

The following table summarise the investments in Fund I's portfolio as at 30 September 2011:

Sector by value	**£'000**	**%**
Aerospace Manufacturing	52.6	31.2
Direct Marketing	18.0	10.7
Information Systems	66.0	39.1
Business Services	17.1	10.1
Boat Manufacturing	15.0	8.9
	168.7	100.0

Geographic spread by value	**£'000**	**%**
UK and Ireland	168.7	100.0
Rest of the World	0.0	0.0
	168.7	100.0

7.7 **Spicers**

On 6 July 2011 an agreement was entered into by Fund I to acquire the UK and Irish businesses of Spicers, a pan-European supplier of stationery and office products, which is currently a subsidiary of DS Smith Plc. Under the agreement, Unipapel SA will acquire all of the Spicers businesses and immediately sell the UK and Irish businesses to Fund I. The agreement is conditional upon the proposed disposal of Spicers by DS Smith Plc to Unipapel SA being completed, which is subject to formal clearances in respect of European merger control, by the relevant works council and by the UK pension regulator. Fund I has committed £40.0 million and deposited £32.0 million in an escrow account set up to effect the transaction.

7.8 **Clarity**

Enigmatic Investments Limited, a subsidiary of Fund I, made a cash offer for the entire issued share capital of Clarity on 29 September 2011 at 23 pence per share in Clarity, a premium of 7.75 pence to the previous closing price. On 11 November 2011, Enigmatic Investments Limited announced a revised offer of 25 pence per share in Clarity which remained open for acceptances until 1 December 2011. On 1 December 2011, Enigmatic Investments Limited announced that all of the conditions to its final offer for Clarity had been either satisfied or waived and that the final offer had become unconditional in all respects. As at 1.00 p.m. on 14 December 2011, Enigmatic Investments Limited had received valid acceptances in respect of 20,590,942 shares in Clarity representing 49.70 per cent. of the issued ordinary share capital of Clarity and Enigmatic Investments holds a total of 10,909,898 Clarity shares, representing approximately 26.34 per cent. of the issued ordinary share capital of Clarity.

8. HISTORIC PERFORMANCE

The following table illustrates the performance of the Company's share price to 15 December 2011 being the latest practicable date prior to publication of this document:*

	Total return to 15 December 2011		
	6 months	**12 months**	**Since inception**
Share price	2.5%	6.3%	19.6%
FTSE All-Share Index	(6.1)%	(5.9)%	9.1%

*Source: Thomson Datastream.

Part 4:
Better Capital Fund II

1. ECONOMIC BACKGROUND

The market for turnarounds has changed significantly since the economic crisis began in 2008. Prior to the crisis, credit was easily accessible, markets were growing and relatively low interest rates meant that businesses were able to service high levels of debt.

In early 2009, access to credit for businesses and consumers was severely curtailed and when combined with falling sales and profits many companies began to suffer liquidity issues.

It was against this backdrop that Better Capital was created in December 2009 to focus on investing in businesses suffering from financial and operational distress. Despite the difficult economic conditions the level of corporate insolvencies in the UK has remained relatively low. This is a result of historically low levels of interest and banks' willingness to extend credit terms and soften covenant tests in return for higher fees. However, there are still many businesses in a distressed state and the current anaemic economic conditions suggest that the market for turnaround investing will be buoyant for the next two to three years.

2. THE PRESENT OPPORTUNITY

With difficult economic conditions continuing to prevail, the Directors believe that the opportunity exists to invest selectively in a small number of turnaround opportunities and so provide significant returns to investors.

Better Capital has observed consistently high lead flow since its inception and the current trend is that the businesses being referred are getting larger in size.

In addition Better Capital has demonstrated an unrivalled capability to complete complex transactions at pace and to take rapid action to turn around distressed businesses.

Turnaround investing requires a wide range of often interrelated skills. The team at the Consultant has considerable experience in turnaround investing, corporate restructuring and operational management and restructuring. The Directors believe that the management team of the Consultant possesses the contacts required to originate deals, including contacts in corporates, financial intermediaries and lending institutions and that Fund II (acting by the Fund II GP) is capable of negotiating and structuring its investments. The Board believes that Fund II and the Company are well positioned to take advantage of the effects of the fragile economic conditions and escalating levels of corporate debt as these factors continue to give rise to a steady flow of investment opportunities and that this is, accordingly, an opportune time to raise additional investment capital through the Firm Placing and Placing and Open Offer.

As small and medium size enterprises have limited access to capital, they are particularly vulnerable and Fund II will therefore focus on investing in businesses turning over up to £500 million. It will seek to invest in businesses that operate within sectors which have the potential to deliver attractive profitability and exit multiples. In appraising new opportunities, the Fund II GP will focus on businesses that have the potential to deliver respectable profitability and cash generation with a small number of key actions required to get to that position. In addition, depending on the nature of the business, Fund II may opportunistically invest in follow-on investments to further strengthen a portfolio.

3. FURTHER FUNDS FOR INVESTMENT UNDER MANAGEMENT OF FUND II GP

The Directors, in consultation with the Fund II GP and Consultant, believe that market conditions are generating, and will continue to generate, significant investment opportunities for Fund II. The Directors also believe that the availability to Fund II of further funds for investment (in addition to the proceeds of the Firm Placing and Placing and Open Offer) will increase the opportunities for diversification of Fund II's investment portfolio and enable Fund II to make larger investments. The Directors therefore believe that the availability to Fund II of further funds for investment will be in the interests of the Company.

The Directors intend that the Company will in the first half of 2012 (subject to market conditions) seek to raise further capital by one or more further issuances of shares in the 2012 Cell. It is intended that such further issuances of shares will be fungible with the 2012 Shares and, accordingly, admitted to the Official List and to trading on the main market of the London Stock Exchange. The proceeds from such further issuances will be invested in Fund II, which will then make new and further investments leading to a further diversified portfolio of investments. Any such further issuance of shares in the 2012 Cell will be priced at no less than the then prevailing NAV per 2012 Share and no less than the Issue Price, and will require Shareholders' consent (save where Shareholders' consent has already been granted pursuant to Resolution 5 to be proposed at the General Meeting or such subsequently renewed Shareholders' consent). Should the Directors determine to seek further capital in this manner, the Company will publish a circular to Shareholders convening the relevant extraordinary general meeting, together with a prospectus relating to the further issuance of shares in the 2012 Cell.

In addition, the Fund II GP has indicated to the Company that, in the absence of or in addition to further investments in Fund II by the Company acting through the 2012 Cell, the Fund II GP may also establish one or more additional private parallel investment vehicles, which will co-invest alongside Fund II. The creation of such parallel vehicles is permitted under the terms of the Fund II Partnership Agreement, subject to the prior written approval of the Board of the Company acting in relation to the 2012 Cell, such approval not to be unreasonably withheld. Any parallel vehicles will be established with the same investment policy, objectives and restrictions as Fund II and otherwise on terms similar to the terms of Fund II. The terms of any parallel vehicle may, however, differ from those of Fund II in certain respects, primarily to incorporate terms which may be considered usual in the private funds market or which are required by investors in that vehicle. In considering whether to give its approval to the establishment of a parallel vehicle, as above, the Board of the Company acting in relation to the 2012 Cell shall have regard to the terms of such parallel vehicle, including, in particular, whether its terms are consistant with the operation of Fund II and in the interests of the holders of the 2012 Shares. In addition, the Fund II GP may consider it to be necessary or desirable to make certain changes to the Fund II Partnership Agreement in connection with the establishment of any parallel vehicle. Any such changes will require the approval of the Board of the Company acting in relation to the 2012 Cell. Fund II will enter into a co-investment agreement with any parallel vehicle which will provide that, subject to legal, tax, regulatory or similar considerations, Fund II and any parallel vehicles shall invest *pro rata* to their respective total commitments, and shall make and sell investments on substantially the same terms and at the same time.

Additional considerations relating to private parallel investment vehicles

In connection with the establishment of any private parallel investment vehicle, the Fund II GP may determine that changes to the Fund II Partnership Agreement may be necessary or desirable (it being noted that such changes would require the consent of the Board of the Company acting in relation to the 2012 Cell). Such changes may include (without limitation) the introduction of provisions designed to accommodate certain features of co-investment between Fund II and such private parallel investment vehicles. The Board of the Company acting in relation to the 2012 Cell shall have regard to the interests of the holders of the 2012 Shares when considering consenting to the establishment of one or more private parallel investment vehicles, and together with the Fund II GP shall have particular regard to the valuations of any existing investments by Fund II when such private parallel investment vehicles are established.

Whilst the Board of the Company acting in relation to the 2012 Cell will have regard to the proposed terms of any parallel vehicle when considering whether to give consent to the establishment of that vehicle, it is likely that such terms will include significant variations from the Fund II terms, including:

- that a parallel vehicle may allow its investors to contribute capital as and when required (on a drawdown basis) rather than in full upon admission to the parallel vehicle, as is the case with the 2012 Cell's investment in Fund II; and
- that (in order, at least in part, to reflect the drawdown nature of a parallel vehicle, if applicable) the fee and profit sharing arrangements applicable to a parallel vehicle may vary from those applicable to Fund II. In particular, it is likely that a private parallel vehicle would pay carried interest to the Fund II Special Limited Partner on a basis reflective of profits realised on the disposal of investments (having regard to a hurdle based on a set level of internal rate of return), rather than in the manner in which Carried Interest is payable in respect of Fund II,

which is based on Fund II NAV and distributions by the Company in respect of the 2012 Cell to its Shareholders.

In addition, holders of the 2012 Shares have a relationship with the Company and the 2012 Cell and do not have any direct relationship with the Fund II GP. Investors in a parallel vehicle may have a direct relationship with the Fund II GP (or its associates) which may allow them more readily to gain information as to the underlying portfolio investments of the parallel vehicle (and, by implication, the portfolio investments of Fund II).

In terms of co-investment between Fund II and any parallel vehicle, if a parallel vehicle is formed after any investment has been made by Fund II and that parallel vehicle is to participate in any such pre-existing investment, arrangements may be required to be made to transfer the appropriate *pro rata* portion of such pre-existing investment from Fund II to the relevant parallel vehicle.

In the event of the raising of further capital for investment by one or more further issues of shares in the 2012 Cell, or by the establishment of a parallel vehicle, the 2012 Cell and the Fund II GP may, by agreement, extend the Fund II Investment Period and/or the duration of Fund II.

Notification of any such further fundraisings will be given at the relevant time by announcement on a Regulatory Information Service.

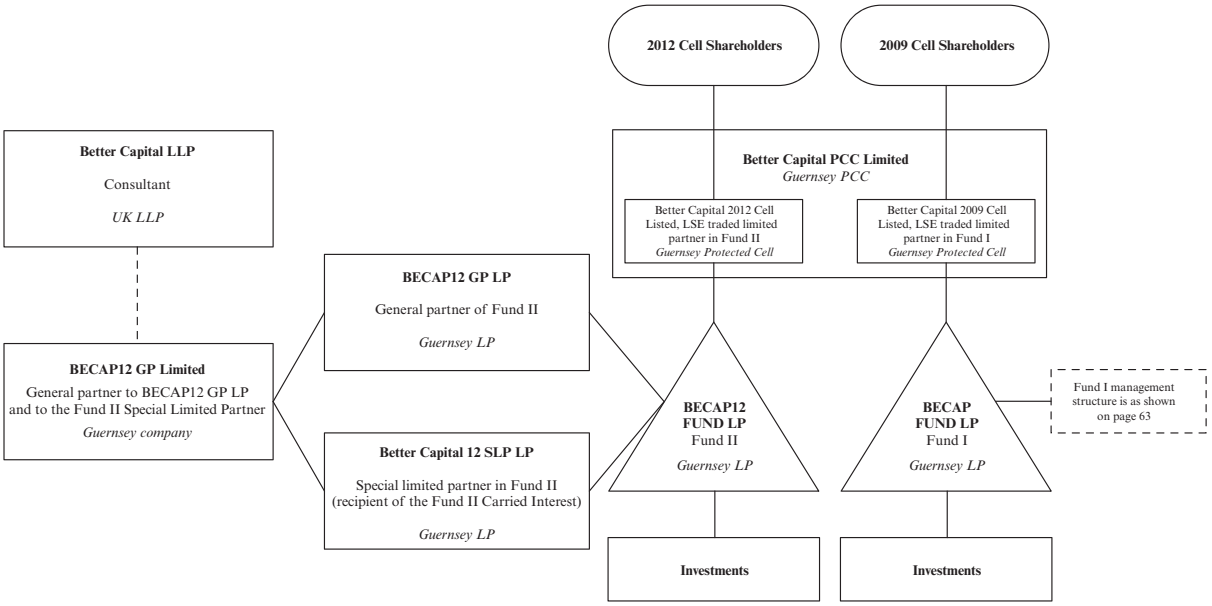
4. BETTER CAPITAL FUND II

Fund II is a limited partnership registered in Guernsey pursuant to The Limited Partnerships (Guernsey) Law, 1995, as amended. It is registered with the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law and is required to comply with the RCIS Rules but is not otherwise regulated or authorised. Its relationship with the Company is governed by the Fund II Partnership Agreement.

The Fund II Partnership Agreement is summarised under the heading "Fund II Partnership Agreement" in paragraph 16 of Part 12.

5. FUND STRUCTURE

The organisational structure for the operation and management of Fund II is effectively the same as for Fund I and is illustrated in the following diagram:



6. BECAP12 GP LP

BECAP12 GP LP is a limited partnership registered in Guernsey pursuant to The Limited Partnerships (Guernsey) Law, 1995, as amended, registered on 17 November 2011 with registration number 1557 and having a duration linked to the duration of Fund II (or any successor limited partnership) (subject to certain exceptions).

BECAP12 GP LP, as the Fund II GP, has overall responsibility for the management and administration of the business and affairs of Fund II, including the management of its investments. The Fund II GP has full power and authority to identify, evaluate and negotiate investment opportunities, to prepare and approve investment agreements and to (or to agree to) subscribe for, purchase or otherwise acquire, alone or with others, investments falling within the investment policy of Fund II. It takes all investment decisions and is responsible for the negotiation and structuring of transactions.

Furthermore, the Fund II GP may sell, exchange or otherwise dispose of investments for the account of Fund II, and may enter into or execute investment agreements on behalf of Fund II accordingly and, where appropriate, give warranties, guarantees and indemnities in connection with any such acquisition, sale, exchange or other disposal.

The Fund II GP is operated and managed by the Fund II GP Company in accordance with the terms of the limited partnership agreement constituting the Fund II GP. The Fund II GP Company is wholly owned by Jon Moulton, who is also one of its directors. The other directors of the Fund II GP Company are Mark Huntley (who is also a Director) and Laurence McNairn.

The Fund II GP is obliged, pursuant to the Fund II Partnership Agreement, to use all of its reasonable endeavours to ensure that, at all material times, it has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are, in the Fund II GP's reasonable opinion necessary or desirable for the performance of the Fund II GP's obligations under the Fund II Partnership Agreement.

The Fund II GP is also obliged, pursuant to the Fund II Partnership Agreement, to ensure that at all material times each of its associates which provide services to or in respect of Fund II (including the Consultant) has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are, in the Fund II GP's reasonable opinion, necessary or desirable for the performance of their obligations to or in respect of Fund II.

Provisions of the Fund II Partnership Agreement regarding the basis for removal of the Fund II GP are described in paragraph 5 of Part 6.

7. THE CONSULTANT

BECAP GP II relies on certain delegated service providers including, as to the consultancy services, the Consultant. The consultancy services include research and generic information gathering, accounting support, the identification of available acquisition and disposal of opportunities and administrative consultancy services. The Fund II GP relies on the fund administration services provided by the Administrator.

Management of the business and affairs of the Consultant, whilst vested in its members generally, has been delegated to a committee comprising three members, Jon Moulton, Mark Aldridge and Nick Sanders.

Further details of the Consultant are set out in Part 6.

8. FUND II SPECIAL LIMITED PARTNER

Apart from the Company, the Fund II Special Limited Partner is the only other limited partner in Fund II and no one else can become a limited partner in Fund II without the consent of the Company acting in relation to the 2012 Cell. The Fund II Special Limited Partner is a Guernsey limited partnership which will receive the Carried Interest (see paragraph 4 of Part 6 for further details). The limited partners in the Fund II Special Limited Partner are certain principals of the Consultant, the Fund II GP, John Caudwell and Brian Caudwell.

9. PROFIT SHARE ARRANGEMENTS

The profit share arrangements involving the Fund II GP and the Fund II Special Limited Partner are described in paragraph 4 of Part 5.

10. INVESTMENT PROCESS

The following describes the investment process that the Fund II GP will follow with respect to investments of Fund II.

10.1 **Deal origination and initial screening**

The Fund II GP will aim to identify and source potential investment opportunities from its own activities and from opportunities identified by the Consultant (among other sources) and to initiate preliminary information gathering and further due diligence (through a variety of sources and service providers, including the Consultant where appropriate) on such potential investments.

When examining an opportunity, as a general indication, the Fund II GP will analyse various factors in relation to the business in question:

- Does it fit the size criteria?
- Is it experiencing significant operating issues?
- Is there associated financial distress?
- Is there a core income stream?
- Can it be restructured?
- Does the restructure allow for viability with only the core income?
- What downside protection exists (e.g. asset security)?
- Is the business reliant on external uncontrollable influences?

The Fund II GP will then be able to consider whether a value creation opportunity exists.

10.2 **Tax implications**

The Fund II GP will consider the tax implications of each transaction and obtain professional advice as and when it also deems such advice to be necessary or appropriate.

10.3 **Initial approval by the Fund II GP**

The Fund II GP will seek to identify investment opportunities in which it has identified methods to resolve the existing issues and thereby position the business on a firm platform to create significant equity value. The Fund II GP will draw on such services of the Consultant or others as it may require, and will apply both its transactional and operational skills to assess how value can be created through each situation. Unless it is clear as to the path to value creation and the risks associated, it will not pursue the opportunity.

If the Fund II GP believes that a value creation opportunity exists, the Fund II GP will create an outline paper setting out the basic parameters of the investment case which shall be presented to the board of the Fund II GP for its approval or rejection.

10.4 **Follow-up information gathering**

If the outline proposal is approved by the Fund II GP, it draws upon such services of the Consultant or other parties to carry out appropriate research and information gathering. Usually time constraints dictate that this is limited and focused on specific issues.

10.5 **Proposal to invest**

The Fund II GP will conduct an analysis of potential for risk mitigation and value creation. This detailed investment analysis will cover the commercial, financial and strategic rationale for the proposed investment and shall be considered by the board of the Fund II GP and subjected to careful consideration and scrutiny.

10.6 **Investment approval and execution by the Fund II GP**

If the board of the Fund II GP approves an investment proposal, the Fund II GP will draw on such services of the Consultant or others as it may require and negotiates the terms and structure on which the investment is to be made.

The point of acquisition is the most important value creation opportunity since it is at this stage that, to varying degrees according to the structure and terms of the particular transaction, losses and liabilities may be eliminated, debt forgiven and new management appointed. The structure is set to take the business forward and often the competitive advantage created at this stage

substantially dictates the commercial wellbeing of the business in the future and therefore its future value.

External advisers are utilised as appropriate to address specific issues and access technical knowledge.

11. PORTFOLIO MONITORING AND OPTIMISATION

The Fund II GP will be responsible for ensuring that portfolio businesses have appropriate management and resources available to maximise the opportunity.

Generally, this means:

- clear, quantifiable action plans to deliver a turnaround;
- energetic implementation of the critical actions to return to profitability;
- a proper management team with appropriate incentives is put into place. The Fund II GP will procure that its representatives (who may be principals or associates of the Fund II GP or of the Consultant) are in place until new management arrive and become effective. It will also often be necessary to reinforce the management team in the most intense phases of turnaround;
- strong financial systems are implemented to ensure effective management and tight cash control;
- regular strategic reviews and consideration of potential acquisitions or disposals with research and information gathering assistance provided as needed by the Consultant to optimise exit values; and
- resolution of legacy issues such as legal and tax disputes.

12. EXIT PLANNING AND PROCESS

Following acquisition, the route to exit and the steps necessary to maximise value will be regularly considered and progressed. Issues and uncertainties that would deter buyers will be resolved. Actions that could make the investment more attractive to likely buyers will be identified and implemented.

Once a turnaround has been achieved, typically where sustainable profitability has been demonstrated, the Fund II GP will move towards determining a suitable exit strategy for the investment. In this context, the Fund II GP will ask the Consultant or others to gather for it certain relevant information.

If the Fund II GP decides that an exit is feasible and appropriate, the Fund II GP will effect the exit process, drawing on such services of the Consultant or others as it may require.

Part 5:
The Conversion

1. BACKGROUND TO AND REASONS FOR THE CONVERSION

1.1 Proposed Structure

The intention of the Board is that the new funds and the new investments shall be segregated from the Company's existing assets and liabilities, such that Existing Shareholders can, if they prefer, continue with an undiluted exposure to the assets of Fund I and will not have direct exposure to the assets and liabilities of Fund II. Having considered the various options available, the Board proposes to use a PCC structure as this provides an effective legal framework under the laws of Guernsey for segregating different investment pools.

The proposal is for the existing Company to be converted to a PCC and all of the Company's existing assets and liabilities (other than the rights and obligations of the Company arising pursuant to the Company Administration Agreement) to be segregated into one cell (the 2009 Cell) and for there to be an issue of new shares in relation to a second cell (the 2012 Cell) to raise funds for investment in Fund II (which will adopt a similar structure to Fund I). Fund II will, in turn, invest into a new pool of assets. The separation and limited partnership status of Fund I and Fund II will enable the Board to segregate the assets and liabilities in each Cell such that each invests into a separate investment pool and each has its working capital and solvency assessed on a separate basis.

In addition to the 2009 Cell and the 2012 Cell, the PCC will also comprise the Core, whose Core Assets shall consist initially of the proceeds of an issue of Core Shares for an aggregate amount of £100 plus the rights and obligations of the Company arising pursuant to the Company Administration Agreement. The Core Shares will have limited economic value and be held by an independent Guernsey purpose trust. These Core Shares will have no voting rights for so long as there are Cell Shares in issue. The Company does not otherwise intend to retain any additional liquidity for general corporate requirements over and above the retention of approximately £1 million that will be funded on an expected costs *pro rata* basis between the 2009 Cell and the 2012 Cell.

Upon conversion to a PCC, the Company will (as a matter of Guernsey law) be the same continuing legal entity and the holders of Existing Shares in the Company will hold the same shares in the Company, with those shares being designated as shares relating to the 2009 Cell. In other words, the Company's current issued ordinary shares shall continue to exist and shall be designated as shares in the 2009 Cell. As part of the conversion to a PCC, and the allocation of the Company's current members, shares, capital, assets and liabilities to the 2009 Cell, the Company's interest in Fund I and Fund I itself will remain unchanged in all respects. The existing contracted relationships of the Company will continue in full force and effect and will not require variation or novation as a result of the Conversion. There is no requirement as a result of the Conversion for a suspension or change to the current admission to the Official List and admission to trading on the main market of the London Stock Exchange, and the Existing Shares will retain the ISIN currently attributed to them.

It is proposed that new capital for investment be raised through the issue of 2012 Shares representing interests in the 2012 Cell, a new feeder fund segregated from the 2009 Cell, and which will invest into Fund II. The Transaction Liabilities will be assumed by the 2012 Cell upon Admission. Following the establishment of the 2012 Cell and the issue of the 2012 Shares, the Company shall continue as the same legal entity, with the 2009 Cell and the 2012 Cell having separate and legally segregated assets and liabilities and the shares in those Cells having the benefit of the assets and liabilities of the Cell to which they relate. The PCC structure shares many of the same characteristics as a company with multiple classes of shares representing different pools of investment, except here the Company is able to take advantage of the permitted structure under the laws of Guernsey which establishes such legal segregation of assets and liabilities on a statutory basis.

As part of the Conversion, the Company's articles of incorporation will be revised to reflect the PCC structure. The voting rights attributable to the 2009 Shares and the 2012 Shares shall be exercisable in relation to each Cell and certain matters concerning the Company as a whole.

1.2 **Voting Rights**

The voting rights attributable to the 2009 Shares and the 2012 Shares shall be exercisable in relation to each Cell and to certain matters concerning the Company as a whole. On matters to be determined by Shareholders as a whole at a general meeting, each holder of Shares will have one vote upon a show of hands at a general meeting and a vote on a poll weighted to the respective estimated NAV per Cell Share, where a vote cast in relation to each 2009 Share shall count as 1.1096 towards the total and a vote cast in relation to each 2012 Share shall count as 0.9770 towards the total. Holders of the Core Shares shall not have a right to vote.

Votes by holders of Shares in a Cell as a separate class and by all Shareholders

All matters prescribed by the Listing Rules as requiring approval of the Shareholders in the Company, shall be voted upon at a general meeting of the Company at which all Shareholders will be entitled to vote, even where such votes relate to a Cell in which a shareholder has no economic interest.

All matters prescribed by the Listing Rules as requiring approval of the Shareholders in the Company including the following matters, shall be matters to be approved by the holders of the Shares in the relevant Cell voting at a meeting of the holders of the Shares in the relevant Cell and then, if approved by the holders of the Shares in the relevant Cell, shall be subject to approval by all Shareholders in the Company in a general meeting:

- any material change to the Company's published investment policy (which includes the Company's published investment policy as it relates to any particular Cell);
- a non-pre-emptive issue of Shares in the same Cell for cash at a price below the net asset value per Share of those Shares;
- significant transactions or related party transactions where Shareholder approval is required pursuant to the Listing Rules;
- any proposed change of listing category or cancellation of the listing of any Shares in an existing Cell;
- the granting of authority to the Company to make purchases of the Shares;
- any grant of options over Shares permitting purchase at less than market price; and
- any conversion of Shares in a Cell to another class.

In addition the following matters (none of which are prescribed by the Listing Rules) shall be subject to approval by a vote of the holders of the Shares in the relevant Cell in a meeting of the holders of the Shares in the relevant Cell and then, if approved by the holders of the Shares in the relevant Cell, shall be subject to approval by a vote of all Shareholders in the Company in a general meeting:

- dis-application of pre-emption rights in respect of an issue of Shares in an existing Cell or a new Cell;
- variation of rights attaching to the Cell Shares; and
- variation of rights attaching to the Core Shares.

Votes of all Shareholders

All Shareholders in the Company will vote on certain general corporate matters affecting the Company as a whole in accordance with the Articles and the Companies Law without requiring the seperate approval of holders of the Shares in any Cell, including the following matters:

- appointment and removal of the directors of the Company;
- the approval of the Company's annual report and accounts;
- the approval of the Director's remuneration;
- the appointment and remuneration of the Company's auditors;

- any changes to the Company's Articles which do not affect the rights attaching to the Cells or the Core; and
- any resolutions to wind up the Company, appoint a liquidator and/or authorise a liquidator to distribute in specie assets of the Company as a whole.

Votes by holders of Shares in a Cell

Holders of Cell Shares in relation to a particular Cell will have a right to vote at a general meeting of holders of Shares in that particular Cell on the following matters without also requiring the separate approval of all Shareholders in a general meeting:

- the approval of a final dividend to be paid out of the assets of the Cell to the holders of Cell Shares attributable to the relevant Cell;
- any resolutions to wind up the particular Cell, appoint a liquidator and/or authorise a liquidator to distribute in specie assets of the particular Cell; and
- any consolidation or sub division of the Cell Shares attributable to the relevant Cell.

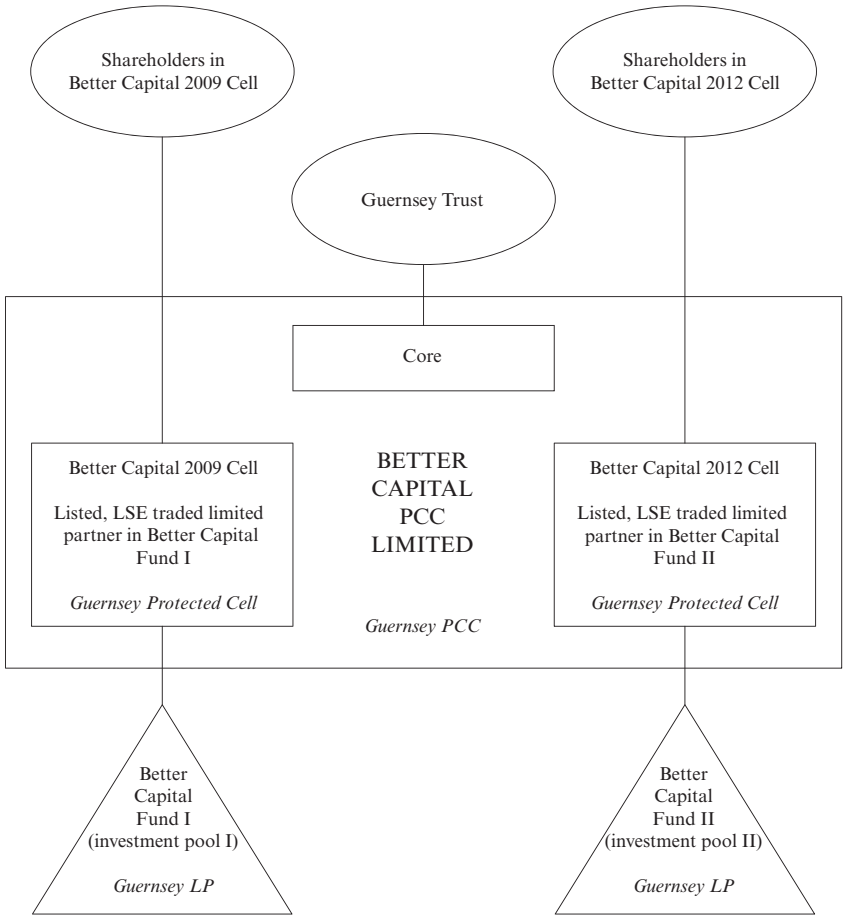
1.3 **How Conversion takes effect**

The Registrar of Companies in Guernsey will issue the Registrar Certificate (upon which the Company will convert into a PCC) upon receipt of copies of: (i) the written consent of the Commission; (ii) the Resolutions (if and when approved at the EGM); (iii) the Revised Memorandum and Revised Articles; and (iv) a declaration from the Directors of the Company that the Company has fulfilled all the requirements of the Companies Law as to its conversion into a PCC.

1.4 **Structure after Conversion**

The structure is illustrated in the following diagram:

Structure diagram: Better Capital PCC Limited



2. KEY FEATURES OF PROTECTED CELL COMPANIES

2.1 Legal segregation of assets and liabilities

A PCC consists of a core and of separate and distinct, but not separately incorporated, cells. In accordance with the Companies Law and subject to any recourse agreements (described below) the assets and liabilities of any cell are legally segregated and protected from those of the other cells. Similarly, the assets and liabilities of the core are legally segregated and protected from those of the cells. The principle is that where any liability arises which is attributable to a particular cell or to the core, only the cellular assets attributable to that cell or the core assets attributable to the core, should be used in satisfaction of the liability. Thus, when considering a liability attributable to a cell, the core assets and the assets attributable to any cell other than the cell to which the relevant liability is attributable are "protected assets".

In the absence of a recourse agreement, creditors of a cell of a PCC only have recourse against the cellular assets attributable to that cell and those cellular assets are "absolutely protected" from the creditors of the PCC who are not creditors in respect of that cell. Similarly, unless a recourse agreement stipulates otherwise, the core assets of a PCC are only available to the creditors of the core and are "absolutely protected" from any creditors of the PCC who are not creditors of the core. Liabilities of a PCC not otherwise attributable to any of its cells must be discharged from the PCC's core assets.

Unless excluded in writing, it is an implied term of every transaction to which a PCC is party that no party shall make or attempt to make liable any "protected assets". The Companies Law sets out recovery mechanisms in favour of the PCC should any such party be successful in taking protected assets in satisfaction of liabilities. The principle is that, subject to the terms of any recourse agreement, the cellular assets attributable to a cell must be used in satisfaction of any liability attributable to that cell. In the same way, the assets attributable to the core are liable in respect of liabilities attributable to the core.

2.2 Recourse Agreements

A recourse agreement is a written agreement between a PCC and a creditor which provides that "protected assets" may be subject to a liability owed to a creditor. The Companies Law states that a PCC may only enter into a recourse agreement if the directors have followed certain procedures and (subject to the memorandum and articles of the PCC) if the core members or the members of the relevant cell (as appropriate) have approved the recourse agreement. Shareholders should note that the Revised Articles state that the Company may enter into recourse agreements without first obtaining the approval of Shareholders. However, the Company will only enter into a recourse agreement without the approval of the holders of Shares in the Cells concerned where the Directors consider, in good faith, that this is in the best interests of those Cells.

2.3 Contracts pre-dating a conversion

Where a PCC converts from being a non-cellular company to being a protected cell company, any creditor who entered into a transaction with the PCC prior to the conversion shall have recourse to all core assets and cellular assets (other than any cellular assets attributable to a cell created after the conversion) in respect of any liability for that transaction, unless the creditor agreed otherwise.

Upon the Conversion the Company will only comprise the Core and the 2009 Cell, and so (save as described in the following paragraph) any counterparty to a transaction with the Company prior to the Conversion will only have recourse against the assets of the 2009 Cell and the Core, and will not have recourse against the assets of the 2012 Cell.

Upon Admission, all liabilities of the Company arising pursuant to the Placing Agreement will be transferred from the 2009 Cell and attributed to the 2012 Cell.

2.4 Assets of cells and the core must be kept separate and separately identifiable

The directors of a PCC must keep cellular assets separate and separately identifiable from the core assets and also keep cellular assets attributable to each cell separate and separately identifiable from cellular assets attributable to other cells. Nonetheless, the assets of a PCC may

be collectively invested, provided that they remain separately identifiable. The assets of a PCC may also be held by a nominee or underlying company, the capital of which forms cellular assets or core assets (as the case may be).

2.5 **Informing third parties**

A PCC must inform any person with whom it transacts that it is a PCC and identify or specify the cell in respect of which that person is transacting or specify that the transaction is in respect of the core (as appropriate). If a PCC fails to provide the transacting party with this information then the directors of that PCC become personally liable to the counterparty to the contract although, unless they were fraudulent, reckless, negligent or acted in bad faith, they do have a right of indemnity against the core assets of the PCC. Only the Court can relieve the directors from this liability on certain grounds set out further in the Companies Law and in doing so may order that any liability may be met from the cellular assets or core assets of the PCC.

2.6 **No transfer of assets out of a cell other than in the ordinary course of business**

With the approval of the Court, the assets of a particular cell, but not of the core, can be transferred to another person wherever resident or incorporated. This transfer mechanism is not intended to cover the investment or divestment by the cell of cellular assets or the payment or transfers from cellular assets in the ordinary course of the PCC's business. Such ordinary course transactions do not need Court approval.

The Court will only approve a transfer of cellular assets if it is satisfied that the creditors of the cell concerned have consented to the transfer or would not be unfairly prejudiced by the transfer. The Commission has a right to make representations to the Court in respect of the transfer. A transfer can be approved by the Court even though the PCC is being wound up or it or any of its cells is subject to an order for receivership or administration.

2.7 **The Court may vary, rescind, replace or confirm an arrangement between cells**

A PCC may in the ordinary course of its business or the business attributable to any of its cells, make an arrangement where it deals, transfers, disposes or attributes cellular assets or core assets between any of its cells or between the PCC and any of its cells. If necessary, the PCC must adjust its accounting records and those of the affected cells to reflect the new arrangement. The PCC itself, its liquidators or administrators, or the receiver or administrator of any cell may apply to the Court to make an order to vary, rescind, replace or confirm in respect of the execution, administration or enforcement of an arrangement.

2.8 **Winding up**

In a winding up, the cells of a PCC remain separate and the liquidator may apply a cell's assets only to those creditors entitled to have recourse against them. The general rule that a company's assets must be applied in satisfaction of the company's debts and liabilities *pari passu* is modified to apply to PCCs subject to the provisions of the Companies Law relating to PCCs.

2.9 **Administration orders in respect of a PCC or a cell**

An administration order may be granted by the Court in respect of a PCC or any one or more of its cells, if the Court is satisfied that the PCC (or cell) does not satisfy or is likely to become insolvent, and if the Court considers that the making of an administration order may achieve one or more of the following:

(a) the survival of the PCC or cell (as the case may be) and the whole or any part of its undertaking, as a going concern, or

(b) a more advantageous realisation of the PCC's or cell's (as the case may be) assets than would be effected on a winding up.

Administration implements a court sanctioned moratorium against resolutions for the winding up of a PCC, and on the commencement or continuance of proceedings against the PCC (without the leave of the Court) during the period between the application and the making of the actual administration order. The moratorium continues once the administration order has been granted but does not affect rights of set-off and secured interests.

An administrator is empowered to do all such things as may be necessary or expedient for the management of the affairs, business and property of the PCC or cell. Upon his appointment, the administrator must take into his custody or control all the property to which the PCC or cell appears entitled. The administrator must also manage the affairs, business and property of the PCC or cell in accordance with any directions given by the Court. The administrator can remove and appoint directors. Neither an application for administration, nor the consequent order for administration, results in a statutory cessation of the powers and responsibilities of the directors. However, any functions conferred on the PCC or its officers constitutionally or by Companies Law which could be performed in a way which interferes with the administrator's functions, may not be performed unless the administrator gives his consent.

An administration order in respect of a cell of a PCC may not be made if a liquidator has been appointed to act in respect of the PCC, if an application has been made for the winding up of the PCC or if the PCC has passed a resolution for voluntary winding up.

An administration order ceases to have effect when a liquidator is appointed. A resolution for the voluntary winding up of a PCC or any cell which is subject to an administration order can only be made with the approval of the Court.

2.10 **Receivership orders in respect of a cell**

A receivership order may be made by the Court in respect of one or more cells of a PCC where:

(a) taking account of any assets subject to a recourse agreement, the cellular assets attributable to a particular cell are or are likely to be insufficient to discharge the creditor's claims in respect of that cell;

(b) the making of an administration order in respect of that cell would not be appropriate; and

(c) the making of an order would achieve the orderly winding up of the business of that cell and the distribution of the cellular assets to those who have recourse against them.

During the continuance of a receivership order, the powers and responsibilities of the directors cease. There is a Court sanctioned moratorium during the operation of the receivership order against resolutions for the winding up of the PCC and on the commencement or continuance of proceedings against the relevant cell of the PCC (save with the leave of the Court). The moratorium does not affect the rights of set-off and secured creditors. A receivership order may be made in respect of a cell which is subject to an administration order.

The PCC, its directors, any creditor of a cell, a cell shareholder, an administrator of a cell or the Commission may apply for a receivership order. Notice of the application must be served on the PCC, any administrator (if any) of the cell, the Commission and any other person the Court may direct.

Subject to rules on preferential payments, any subordination agreements and any set-off agreements, the PCC's cellular assets which are the subject of a receivership order must be realised and applied *pari passu*. Any surplus must be distributed to shareholders or persons so entitled. If there are no such persons, it must be distributed among the holders of the core assets in accordance with their respective rights and interests.

A receivership order in respect of a cell of a PCC may not be made if a liquidator has been appointed to act in respect of the PCC or if the PCC has passed a resolution for voluntary winding up.

Part 6:

Further information about the Company, Better Capital Fund I, Better Capital Fund II and the Consultant

1. THE BOARD

The Board is responsible for the determination of the Company's published investment policy as specified in this document and has overall responsibility for its activities and compliance with the Listing Rules and Disclosure and Transparency Rules. The Directors, all of whom are non-executive, are as follows:

Richard Crowder *(Chairman), Guernsey resident (aged 61)*

Richard Crowder holds a range of non-executive directorships and consultancy appointments. He works with a wide range of investment styles and portfolios as well as being a director of a variety of family companies where he acts as the offshore adviser/director. In his early career, he worked as an investment manager with Ivory & Sime in Edinburgh and as a head of investment research with W.I. Carr in the Far East, he undertook a wide range of responsibilities for Schroders in London and the Far East, culminating in the role of Managing Director for Schroders' Singapore associate. Having then worked as Chairman of Smith New Court Far East and Director of Smith New Court Plc, Richard Crowder was the founding Managing Director of Schroders' Channel Islands subsidiary from 1991 until he became a full time non-executive director and adviser in 2000. He is a member of the Securities & Investment Institute and he resides in Guernsey. Mr Crowder was appointed as a Director on 24 November 2009.

Richard Battey *Guernsey resident (aged 59)*

Richard Battey is a non-executive director of a number of investment companies including AcenciA Debt Strategies Limited (UK listed), Juridica Investments Limited (AIM listed), NB Global Floating Rate Income Fund Limited (UK listed), Princess Private Equity Holding Limited (Frankfurt and UK listed) and Prospect Japan Fund Limited (UK listed). For each of these five companies he is Chairman of the Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified with Baker Sutton & Co. in London in 1977. He joined the Schroder Group in December 1977 and worked first in London with J. Henry Schroder Wagg & Co. Limited and Schroder Investment Management in financial and management accounting roles and then in Guernsey helping to build Schroders' offshore private banking business. Richard was a director of Schroders (C.I.) Limited in Guernsey from April 1994 to December 2004 where he served as Finance Director and Chief Operating Officer. He was a director of a number of the Schroder Group's Guernsey companies covering banking, investment management, trusts, insurance and private equity administration retiring from his last Schroder directorship in December 2008. He was formerly Chief Financial Officer of CanArgo Energy Corporation (May 2005 to July 2006), which was engaged in oil and gas exploration and production in Georgia and Kazakhstan. Mr Battey was appointed as a Director on 24 November 2009.

Philip Bowman *UK resident (aged 59)*

Philip Bowman became Chief Executive of Smiths Group plc in December 2007. He previously held the positions of Chief Executive at Scottish Power plc from early 2006 until mid 2007 and Chief Executive at Allied Domecq plc between 1999 and 2005. Mr Bowman is currently the senior independent director of Burberry Group plc. Past board appointments include British Sky Broadcasting Group plc, Scottish & Newcastle Group plc and Coles Myer Limited as well as Chairman of Liberty plc and Coral Eurobet plc. His earlier career includes five years as a director of Bass plc (now Mitchells & Butler plc and Intercontinental Hotel Group plc), where he held the roles of Chief Financial Officer and subsequently Chief Executive of Bass Taverns. Mr Bowman was appointed as a Director on 24 November 2009.

Mark Huntley *Guernsey resident (aged 53)*

Mark Huntley is an Associate of the Institute of Financial Services School of Finance. He is Managing Director of the Administrator, an independent fund administrator based in Guernsey. Prior to establishing the Administrator, he was Head of Business Development & Communications for the

Baring Financial Services Group. At Barings, he was also Deputy Managing Director of Guernsey International Fund Managers Limited, where he was responsible for alternative investments and emerging market funds until April 2000. He has over 30 years' experience in offshore funds trust and fiduciary services and private banking, with particular focus on the specialist and alternative fund sectors gained whilst at Barings over 19 years and, prior to that, with The First National Bank of Chicago and National Westminster Guernsey Trust Company. He holds appointments for a number of listed and unlisted funds and fund related companies and has been actively involved with private equity investment for over 20 years. Mr Huntley was appointed as a Director on 24 November 2009.

The Board of Directors as a whole is independent of the Consultant and the Fund I GP. Mr Huntley is a director of the Administrator, the Fund I GP Company, the Fund II GP Company and the Trustee of the Purpose Trust.

2. FEES AND EXPENSES OF THE COMPANY FOLLOWING ADMISSION

No fees will be incurred by the 2009 Cell in respect of the proposals. In the unlikely event that Admission does not occur, the costs of the aborted proposals shall be borne by BECAP GP.

No fees will be incurred by the 2012 Cell in respect of its investment in Fund II of the proceeds of the Firm Placing and Placing and Open Offer. The fees of the Consultant in respect of Fund II will be paid by the Fund II GP from the Fund II GP's Share described below. Further, the Fund II Special Limited Partner will receive Carried Interest at the Fund II level.

Ongoing operational expenses will include fees payable under the New Broker Engagement Letter, the Company Administration Agreement, the Registrar Agreement, Directors' fees and expenses, audit costs, expenses of publishing reports, notices and proxy materials to Shareholders, expenses of convening and holding meetings of Shareholders, costs of preparing, printing and/or filing all reports and other documents relating to the Company, expenses of making any capital distributions, insurance premia in respect of directors and officers liability insurance for members of the Board, fees of the Commission, London Stock Exchange fees and associated fees of Admission will be borne by the Cells. These will be attributed to each Cell on an equitable basis determined by the audit committee which will include attribution *pro rata* to the NAV of each Cell. The Company does not intend to retain any additional liquidity for general corporate requirements over and above the retention of approximately £1 million that will be funded on an expected costs *pro rata* basis between the 2009 Cell and the 2012 Cell.

In addition, certain fees and expenses that relate to the operational costs of Fund I and Fund II including fund administration expenses, and audit and regulatory fees incurred will be borne by Fund I and/or Fund II, as applicable. These combined costs are expected to be approximately £1,353,000 per annum.

3. PROFIT SHARE OF THE FUND II GP

The Fund II GP is entitled to the Fund II GP's Share of the profits of Fund II which shall be calculated as follows:

(i) in the Fund II Investment Period, an amount equal to 1.5 per cent. per annum of Gross Placing Proceeds (such amount being calculated on a time-apportioned basis so as to reflect the increase in Gross Placing Proceeds following any Follow-on Fundraising); and

(ii) in the period from the end of the Fund II Investment Period until the termination of Fund II, an amount equal to 1.5 per cent. per annum of the cumulative acquisition costs of investments which have not been realised (adjusted downwards to reflect any write down in such acquisition costs by the Fund II GP).

The Fund II GP shall be entitled to receive, and there shall be allocated to the Fund II GP in respect of each accounting period, the above priority profit share, which shall be paid quarterly and in advance.

The amount of the Fund II GP Share will, on an on-going basis during the life of Fund II, be reduced or increased as necessary to ensure that the Fund II GP bears the cost of any broken deal costs to the extent that the aggregate broken deal costs over the life of Fund II exceed the aggregate transaction fees received by Fund II over the life of Fund II.

4. PROFIT SHARE OF THE FUND II SPECIAL LIMITED PARTNER

The Fund II Special Limited Partner is entitled to receive a share of the profits of Fund II. Each amount of income and capital proceeds received by Fund II will be distributed in the following order of priority:

(i) first, to the Fund II GP until the Fund II GP has received distributions equal to the Fund II GP's Share;

(ii) second, to the extent of any excess, to the 2012 Cell until the sum of the Fund II NAV and all amounts notified to the Fund II GP by the Company in respect of the 2012 Cell as having been distributed (by whatever means) by the Company in respect of the 2012 Cell to the holders of 2012 Shares (including tax credits and withholdings) is equal to 135 per cent. of the Gross Placing Proceeds;

(iii) third, to the extent of any excess, equally to the 2012 Cell and the Fund II Special Limited Partner until the Fund II Special Limited Partner has received an amount equal to 20 per cent. of the excess of the sum of: (a) the Fund II NAV; (b) all amounts notified to the Fund II GP by the Company in respect of the 2012 Cell as having been distributed (by whatever means) by the Company in respect of the 2012 Cell to the holders of the 2012 Shares (including tax credits and withholdings); and (c) all amounts distributed to the Fund II Special Limited Partner, over the Gross Placing Proceeds;

(iv) fourth, to the extent of any excess, 80 per cent. to the 2012 Cell and 20 per cent. to the Fund II Special Limited Partner until the Fund II Special Limited Partner has received an amount equal to 20 per cent. of the excess of the sum of: (a) the Fund II NAV; (b) all amounts notified to the Fund II GP by the Company in respect of the 2012 Cell as having been distributed (by whatever means) by the Company in respect of the 2012 Cell to the holders of the 2012 Shares (including tax credits and withholdings); and (c) all amounts distributed to the Fund II Special Limited Partner, over the Gross Placing Proceeds; and

(v) fifth, to the extent of any excess, 100 per cent. to the Company in respect of the 2012 Cell,

provided that income and capital proceeds may be retained by Fund II for any purpose permitted by the Fund II Partnership Agreement, including for the purposes of making new or follow on investments. Further, the Fund II GP is not obliged to cause Fund II to make any distribution:

(a) unless there is sufficient cash available therefor;

(b) which would render Fund II insolvent; or

(c) which, in the reasonable opinion of the Fund II GP, would or might leave Fund II with insufficient funds or profits to meet any future contemplated obligations, liabilities or contingencies.

All distributions of capital proceeds shall be distributed as soon as practicable after the relevant amounts have been received by Fund II and income profits shall be distributed at such time as the Fund II GP may determine.

5. REMOVAL OF FUND II GP

The Fund II GP may be removed from Fund II at any time and without compensation for termination in the following circumstances:

(i) notice has been served on the Fund II GP requiring its removal, the Company having first approved the service of such notice; and

(ii) one or more of the following events has occurred:

(a) the Fund II GP has committed a material breach of its obligations under the Fund II Partnership Agreement and such breach is not remedied within 28 days after receiving notice to remedy such breach; or

(b) a final, binding, non-appealable finding by a court of competent jurisdiction of: (a) negligence or wilful misconduct on the part of the Fund II GP which has a material and adverse effect on Fund II; or (b) of fraud on the part of the Fund II GP in connection with the operation or management of Fund II; or

(c) for so long as BECAP GP II is the Fund II GP, Jon Moulton ceasing to hold, directly or indirectly, a simple majority of the voting rights in the Fund II GP Company (as the general partner of BECAP GP II); or

(d) the making of a preliminary or permanent injunction against the Fund II GP by order, judgment or decree of any court or regulatory authority in Guernsey or the United Kingdom which prevents the Fund II GP from engaging in or continuing any conduct or practice in connection with the activities of Fund II which materially and adversely affects Fund II; or

(e) an order being made or an effective resolution passed for the liquidation or dissolution of the Fund II GP (other than a voluntary liquidation for certain purposes) or a receiver or similar officer has been appointed in respect of the Fund II GP or its assets, or the Fund II GP entering into an arrangement with its creditors or any of them or the Fund II GP being or being deemed unable to pay its debts.

6. SHARE INCENTIVE SCHEMES

The Company does not have, nor will it or any Cell be establishing, any share incentive scheme in relation to the Board or any personnel of any third party service providers.

7. THE TAKEOVER CODE

The Takeover Code applies to the Company. See paragraph 18 in Part 12 for further discussion on the application of the Code and in particular the disclosure that, following the Conversion, the Takeover Code will apply to the Company as a whole and will not apply separately to the individual Cells. John Caudwell and Brian Caudwell have agreed to subscribe for, in aggregate, at least 57.5 million and up to 60 million of the 2012 Shares and have been deemed to be acting in concert. Accordingly, although aggregate shareholding of John Caudwell and Brian Caudwell will represent over 30 per cent. of the 2012 Shares, John Caudwell and/or Brian Caudwell may not be restricted from acquiring additional 2012 Shares in that Cell as would be the case if the Takeover Code applied separately to the individual Cells. The Company has received separate undertakings from John Caudwell and Brian Caudwell, as detailed in paragraph 16.11 of Part 12.

8. DISCLOSURE AND TRANSPARENCY RULES

The Company will endeavour to provide Shareholders with regular information on the development and performance of Fund I's and Fund II's respective investments over and above what is market practice for listed funds and required by the Listing Rules.

9. THE ADMINISTRATOR, REGISTRAR AND RECEIVING AGENT

The Company has appointed Heritage to act as its administrator pursuant to a fund administration services agreement entered into between it and the Administrator. The Administrator is responsible for providing fund administration and secretarial services required in connection with the Company, the Core and its Cells, such as calculating the Fund I NAV and the NAV per 2009 Share and the Fund II NAV and the NAV per 2012 Share. The costs, expenses and liabilities of the Company arising pursuant to the Company Administration Agreement shall, if specifically attributable to a particular Cell, be satisfied out of the assets of that Cell and shall, if not specifically attributable to a particular Cell, be attributed amongst the Cells in such manner as shall be considered by the Directors to be equitable including in proportion to the NAV of each Cell.

Fund I, the Fund I GP, the Fund I Special Limited Partner, the Fund I GP Company, Fund II, the Fund II GP, the Fund II Special Limited Partner and the Fund II GP Company have also each appointed Heritage to act as their administrator pursuant to fund administration services agreements entered into separately between each of them and the Administrator.

The Company has appointed Capita Registrars (Guernsey) Limited to act as the Company's registrar pursuant to the Registrar Agreement between the Company and the Registrar. The Registrar is responsible for providing registration services to the Company and maintaining the necessary books and records (such as the Company's register of Shareholders).

The Company has appointed Capita Registrars Limited to act as the Company's receiving agent pursuant to the Receiving Agent Agreement between the Company and the Receiving Agent. The

Receiving Agent is responsible for providing a number of services to the Company in connection with the Firm Placing and Placing and Open Offer, including the processing of forms of proxy and application forms.

Further details of the agreements between the Company and the Administrator, Registrar and Receiving Agent are set out in paragraphs 16 of Part 12 of this document.

10. CUSTODIAL ARRANGEMENTS

The Company will not invest in a way that requires custodial arrangements to be put in place. In respect of Fund I and Fund II the Administrator will provide safekeeping services in respect of such certificates and other documents as may represent investments in investee businesses in accordance with the Company's investment policy. Any short term investments in money market investments, bonds, commercial paper or other similar securities may require separate specialist custodial arrangements to be entered into with a custodian authorised to perform such services.

11. GUERNSEY

The Company, Fund I and Fund II are Registered Closed-ended Collective Investment Schemes registered pursuant to the POI Law and are required to comply with the RCIS Rules issued by the Commission but are not otherwise regulated or authorised. The Commission, in granting registration, has not reviewed this document but has relied upon specific warranties provided by Heritage International Fund Managers Limited, the designated manager of the Company, Fund I and Fund II.

A Registered Closed ended Collective Investment Scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the POI Law.

The Commission takes no responsibility for the financial soundness of the Company or Fund I or Fund II or for the correctness of any of the statements made or opinions expressed with regard to it.

The Fund I GP Company and the Fund II GP Company have each been granted a licence by the Commission pursuant to the POI Law entitling it to carry on controlled investment business in or from within the Bailiwick of Guernsey. The licence relates to the restricted activities of promotion, subscription, registration, dealing, management, administration and advising in relation to Category 1 controlled investments (collective investment schemes) and subscription, dealing, management, administration, advising and custody in relation to Category 2 controlled investments (general securities and derivatives).

12. DIVIDEND POLICY

The Company's investment policy following Conversion shall be implemented through the 2009 Cell and the 2012 Cell and shall be focused primarily on capital appreciation by investing in Fund I and Fund II respectively. The Directors will assess the position of the 2009 Cell and the 2012 Cell separately and intend to make distributions by way of dividend to holders of the 2009 Shares and the 2012 Shares, as the case may be as and when such distributions are, in their view, feasible in respect to the position of the relevant Cell and the Companies Law.

13. DISCOUNT MANAGEMENT

As the Company is a Registered Closed-ended Collective Investment Scheme whose Shares have been admitted to trading on the Main Market, there is always a risk that the applicable quoted price of 2009 Shares may trade at a discount to the NAV per 2009 Share and/or the 2012 Shares may trade at a discount to the NAV per 2012 Share. In the event that either the 2009 Shares or the 2012 Shares trade at a substantial discount to the then prevailing NAV per 2009 Share and/or the NAV per 2012 Share for an extended period of time, the Board will consider whether there are appropriate methods of reducing such discount available to the Company. Such methods may include implementing a share buyback programme, although the Company is not expected to have material free cash to finance such a programme until Fund I or Fund II (as applicable) has distributed realised cash or cash that remains uninvested after the Fund II Investment Period.

Under the proposals, the Company is seeking the authority to make market purchases of up to a maximum of 14.99 per cent. of each class of the Cell Shares. In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of Shareholders,

to the applicable Guernsey legal requirements which require the Directors to be satisfied on reasonable grounds that the Company will, immediately after any such repurchase, satisfy a solvency test prescribed by the Companies Law and any other requirements in its Memorandum and Articles. The Directors do not currently have any intention to exercise such general authority. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the Shareholders. The Listing Rules prohibit the Company from conducting any share buybacks during close periods immediately preceding the publication of annual and interim results.

14. DURATION OF THE COMPANY

The Company and its Cells have an unlimited life. The Directors intend that, where the Company receives distributions from Fund I or Fund II, such distributions will in turn be distributed to holders of the 2009 Shares or the 2012 Shares as applicable in what the Directors determine to be the most cost-efficient manner for the Company. Moreover, to the extent Fund I or Fund II is terminated or comes to the end of its life, the Directors intend to convene an Extraordinary General Meeting of the holders of shares in the relevant Cell at which to make proposals to such shareholders, which may include possible new investment options, potentially through the re-use of the relevant Cell, and to afford such shareholders the opportunity to vote on such proposals.

15. DURATION OF FUND I

Fund I has a fixed life of up to eight years from 21 December 2009 provided, however, that the life of Fund I may be extended by the Fund I GP, with the prior approval of the Company, by up to two additional one year periods.

16. DURATION OF FUND II

Fund II has a fixed life of up to eight years commencing on the date on which Fund II receives the Net Placing Proceeds from the 2012 Cell (which the Company intends to be within five Business Days of Admission) provided, however, that the life of Fund II may in any event be extended by the Fund II GP, with the prior approval of the Company acting through its Directors in relation to the 2012 Cell, by up to two additional one year periods (or, if the Company acting in relation to the 2012 Cell increases its commitment to Fund II pursuant to a Follow-on Fundraising or a parallel vehicle is established as described in paragraph 3 of Part 4, such longer period as the 2012 Cell and the Fund II GP may agree).

17. VALUATIONS AND NET ASSET CALCULATIONS

Arrangements concerning the fair market value of Fund I's investments are described under the heading "Valuations and net asset calculations" in Part 4 of the 2010 Prospectus. The information contained under the heading "Valuations and net asset calculations" in Part 4 of the 2010 Prospectus is incorporated by reference into this document.

The Fund II GP is responsible for carrying out the fair market valuation of Fund II's investments. The valuation will be carried out on a six monthly basis as at 31 March and 30 September each year using the various methods described below. The Fund II GP will report such valuations to the Company and the Administrator will provide an estimate of the 2012 Cell NAV and of the NAV per 2012 Share to the Company on a quarterly basis.

The Fund II GP's assessment of fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines which, in the opinion of the Fund II GP, are not materially different from the fair value requirements of IAS 39 (Financial Instruments: Recognition and Measurement).

Investments will initially be valued at cost. A summary of the more relevant aspects of the IPEV Valuation Guidelines is set out below:

> ***Marketable (Listed) Securities*** – where an active market exists for the security, the value is stated at the bid price on the last trading day in the period. Marketability discounts should generally not be applied unless there is some contractual, governmental or other legally enforceable restriction preventing realisation at the reporting date.
>
> ***Unlisted Investments*** – are carried at such fair value as the Fund II GP considers appropriate given the performance of each investee company and after taking account of the effect of

dilution, the exercise of ratchets, options or other incentive schemes. Where the investment being valued was made recently, the price of the transaction may provide an indication of fair value. Methodologies used in arriving at the fair value include prices of recent investment, earnings multiples, net assets, discounted cash flows analysis and industry valuation benchmarks.

Notwithstanding the above, the variety of valuation bases adopted and quality of management information provided by the underlying investee businesses means there are inherent difficulties in estimating the value of these investments. Amounts realised on the sale of these investments will differ from the values reflected in the financial statements and the difference may be significant.

The Board will review, consider and, if thought appropriate, adopt for the purposes of the Company's financial statements valuations prepared by the Fund II GP in respect of the investments of Fund II.

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

The 2012 Cell NAV and the NAV per 2012 Share as at each calculation date will be announced through the London Stock Exchange (via a Regulatory Information Service) as soon as practicable after the quarter end (or in the case of the audited 2012 Cell NAV and the NAV per 2012 Share at 31 March 2012 and in subsequent years, as soon as practicable after year end). The Net Asset Value will be calculated by the Administrator and reviewed and approved by the Board and annually by the Company's auditors.

For the avoidance of doubt, the Fund II GP shall also determine, on the same dates as specified above in respect of fair market valuations, the Fund II NAV.

18. CORPORATE GOVERNANCE

The Commission's Finance Sector Code of Corporate Governance ("**GFSC Code**") will come into force in Guernsey on 1 January 2012. The Company shall be deemed to satisfy the GFSC Code provided that it continues to conduct its governance in accordance with the requirements of the UK Governance Code.

Following publication of the 2010 Prospectus, the Company has become a member of the Association of Investment Companies ("AIC") and the Board of the Company has accordingly considered, and resolved to follow, the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). A new version of the AIC Code has been published which is aligned with the UK Governance Code. The Board will report against the updated AIC Code for reporting periods beginning on or after 29 June 2010.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the UK Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Company has been and intends to continue to be in compliance with the recommendations of the AIC Code and the UK Governance Code for subsequent financial periods, except as set out below.

For the reasons set out in the AIC Guide, and in the preamble to the UK Governance Code, the Board considers that certain provisions of the UK Governance Code are not relevant to the position of the Company, being an externally managed investment company which delegates most day-to-day functions to third parties and has only non-executive directors. The Company therefore does not propose to report further in respect of the following provisions of the UK Governance Code:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

The Company has complied throughout the period with the provisions of the AIC Code, except that, in view of its non-executive and independent nature, the Board considers that it is not necessary for a senior independent director to be appointed as recommended by principle 1 of the AIC Code, however all members of the Board are available to shareholders if they have unresolved concerns.

Neither Fund I nor Fund II are subject to any code of corporate governance. However, Fund I acts through the Fund I GP which in turn acts through the Fund I GP Company and Fund II acts through the Fund II GP which in turn acts through the Fund II GP Company. Both the Fund I GP Company

and the Fund II GP Company are licensed under the POI Law. As licensees under POI Law the board of the Fund I GP Company and the board of the Fund II GP Company have regard to a document published by the Commission on 10 December 2004 entitled "Guidance on Corporate Governance in the Finance Sector in Guernsey". This guidance document sets out the general responsibilities of the Board and includes proposals to deal with risk management, internal control procedures, the duties of directors, the composition of the Board and self assessment. The Fund I GP Company is managed, and the Fund II GP Company will be managed, in a manner which complies with the content of that guidance document.

With effect from 1 January 2012, the above guidance document published by the Commission will be replaced by the GFSC Code. Both the Fund I GP Company and the Fund II GP Company will each have regard to the GFSC Code. It is anticipated that the Fund I GP Company and the Fund II GP Company will each be managed in a manner which complies with the content of the GFSC Code.

19. MATERIAL RELATIONSHIPS; CONFLICTS OF INTEREST

Conflicts of interest may arise between the Company, the Directors, Fund I, BECAP GP, the Fund I GP Company, the Fund I Special Limited Partner, Fund II, BECAP GP II, the Fund II GP Company, the Fund II Special Limited Partner, the Consultant, the Administrator, the Purpose Trust and certain of the directors, members and officers of each. These relationships are described below:

- Jon Moulton has invested £19.75 million in the Company through the AIM Placing and the Main Market Placing and is the sole shareholder and a director of the Fund I GP Company, a limited partner in each of the Fund I GP and the Fund I Special Limited Partner and is the sole shareholder and a director of the Fund II GP Company, a limited partner in each of the Fund II GP and the Fund II Special Limited Partner and is a managing member of the Consultant. Jon Moulton has entered into a placing letter with Numis under which he has agreed to subscribe for 30 million of the 2012 Shares pursuant to the Firm Placing in place of his participation in the Open Offer. The interests in the Company that are attributable to Jon Moulton and persons connected with him will represent approximately 9.44 per cent. of the 2009 Shares and approximately 18.96 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer). Jon Moulton is Chairman of Santia and a director of DigiPoS, both Fund I Investments. Accordingly, Mr Moulton has interests in the Company as a Shareholder, in BECAP GP and the Fund I GP Company, BECAP GP II and the Fund II GP Company, through the Fund I Special Limited Partner, through the Fund II Special Limited Partner and in Better Capital LLP.
- Mark Aldridge, who has invested £150,000 in the Company through the AIM Placing, and Nick Sanders, who through a family trust has invested £200,000 in the Company through the AIM Placing, are managing members of the Consultant, Gerard Lloyd and Chris Morris are members of the Consultant and all of them are limited partners in each of BECAP GP, BECAP GP II, the Fund I Special Limited Partner and the Fund II Special Limited Partner. Mark Aldridge and Nick Sanders have each agreed to take up their Basic Entitlement under the Open Offer and to subscribe for further 2012 Shares pursuant to the Firm Placing and Placing such that they will each subscribe for 450,000 of the 2012 Shares, in aggregate 900,000. The interests in the Company that are attributable to Mark Aldridge and Nick Sanders and persons connected with them will represent, in aggregate, approximately 0.17 per cent. of the 2009 Shares and approximately 0.57 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer). Nick Sanders is Chairman of Gardner, Readers, Calyx and Fairline, investments of Fund I. Accordingly, Messrs Aldridge and Sanders have interests in the Company directly or indirectly as Shareholders, through the Fund I Special Limited Partner, the Fund II Special Limited Partner and in Better Capital LLP.
- Peter Williamson, Fiona Timothy, Rob Asplin, Charles Oakshett and Bonnie Kraus are members of the Consultant and limited partners in the Fund I Special Limited Partner and the Fund II Special Limited Partner. Peter Williamson is a director of Fairline, a Fund I investment. Fiona Timothy is CEO of Calyx and chairman of DigiPoS, both also investments of Fund I. Rob Asplin is a director of DigiPoS, a Fund I Investment.

- Mark Huntley, a Director of the Company, the Fund I GP Company and the Fund II GP Company, is also the Managing Director of the Administrator, a director of Heritage Group Limited the Managing Director of Heritage Corporate Trustees Limited, the trustee of the Purpose Trust and of Heritage Management Holdings Limited, and an indirect shareholder of the Administrator. Accordingly, Mr Huntley has interests in a service provider to the Company, Fund I, Fund II, the Fund I GP, the Fund II GP, the Fund I Special Limited Partner, the Fund II Special Limited Partner, the Fund I GP Company, the Fund II GP Company and in the Purpose Trust.
- Laurence McNairn, a director of the Fund I GP Company and the Fund II GP Company, is also a director of Heritage Management Holdings Limited and an indirect shareholder of the Administrator. Accordingly, Mr McNairn has interests in a service provider to the Company, Fund I, Fund II, the Fund I GP, the Fund II GP, the Fund I Special Limited Partner, the Fund II Special Limited Partner, the Fund I GP Company and in the Fund II GP Company.
- None of Messrs Crowder, Battey and Bowman has any business or other relationship that could constitute a conflict of interest.

Save as disclosed above, there are no potential or actual conflicts of interest between any duties owed to the Company by the Directors or any of the directors of the GP Company or any of the directors of the Fund II GP Company and their private interests or other duties.

20. CARRIED INTEREST

The existence of the Carried Interest may create an incentive for the Consultant (whose principals are members in the Fund I Special Limited Partner and/or the Fund II Special Limited Partner) to direct its consultancy services and for the Fund I GP and/or Fund II GP to direct Fund I's or Fund II's activities (respectively) towards, riskier or more speculative investments than would be the case in the absence of the arrangement.

21. ALLOCATION OF INVESTMENT OPPORTUNITIES

Where a potential investment opportunity is identified which would, during the Fund I Investment Period, be suitable for investment by either Fund I or Fund II (and any parallel vehicles), such investment opportunity shall be offered to Fund I. It should be noted, however, that as at the date of this document, Fund I is substantially invested and has limited funds available for further investment. It is therefore likely that investment opportunities may not be suitable for Fund I on the basis of the level of investment required or the need to maintain a balanced portfolio. Any investment which is not suitable for (or which is declined by) Fund I for any reason may be pursued by Fund II (and any parallel vehicles) without limitation.

22. OTHER ACTIVITIES OF THE FUND II GP AND THE CONSULTANT

22.1 The Fund II GP

The terms of the Fund II Partnership Agreement provide as follows:

- The functions and duties which the Fund II GP undertakes on behalf of Fund II shall not be exclusive and the Fund II GP may perform similar functions and duties for others and, without limitation, may act as a general partner, manager or investment adviser of other funds or other investment vehicles (including any parallel vehicles) or engage in any other activity and retain any benefit received for so doing, provided, however, that the Fund II GP continues properly to manage the affairs of Fund II.
- During the Exclusivity Period, the Fund II GP shall, and shall use its reasonable endeavours to procure that its associates shall, first offer to Fund II and any parallel vehicles all investment opportunities of which the Fund II GP is aware and which, in the Fund II GP's opinion (acting reasonably), are available for investment by Fund II and any parallel vehicles having regard to all the circumstances that the Fund II GP considers to be relevant. However, to the extent that any investment opportunity is also (in the Fund II GP's absolute discretion) suitable for investment by Fund I (such suitability to include the nature and size of the proposed investment and a consideration of the investment resources available to Fund I), such investment opportunity shall instead be offered to the Fund I GP (although, where Fund I is fully invested no such investment opportunity shall

be deemed suitable for investment by Fund I). The Fund II Exclusivity Period will end at the earliest of: (a) the date on which 85 per cent. of Fund II Total Commitments have been committed or allocated to investments or Follow On Investments, or reserved against future obligations, or expenses and liabilities of, Fund II, including in respect of the Fund II GP's Share (or advances or loans in respect thereof); (b) the expiry of the Fund II Investment Period; (c) the dissolution of Fund II; and (d) BECAP GP II ceasing to be the general partner of Fund II.

- In the event that the Fund II GP (or any associate of the Fund II GP) deems that an investment opportunity is not suitable for Fund II and the parallel vehicles (if any), or such opportunity arises after the Exclusivity Period, then the Fund II GP (or any such associate) shall be free to offer such investment opportunity to any third party and may retain any fees, commission or other rewards in connection therewith.
- The Fund II GP (and its associates) may from time to time become involved, whether as promoter, sponsor, manager, adviser, distributor or otherwise, with the establishment, promotion and launch, or operation and management of any fund or collective investment scheme or arrangement, including any such fund or collective investment scheme or arrangement which has an investment objective or investment policy similar to that of Fund II (each such similar fund or collective investment scheme or arrangement, a "Successor Fund"), provided that no such Successor Fund having an investment objective or investment policy similar to that of Fund II shall hold a final closing or call any capital from its investors until the Exclusivity Period has expired. No parallel vehicle or Follow-on Fundraising or arrangements relating thereto will constitute a Successor Fund.

22.2 **The Consultant**

The terms of the Fund II Consultancy Services Agreement provide as follows:

- The Consultant has agreed that, during the Exclusivity Period it shall, subject to its duties to Fund I and the allocation of investment opportunities between Fund I and Fund II and any parallel vehicles present to BECAP GP II all investment opportunities of which it is aware and which are in its opinion (acting reasonably) available for investment by Fund II and any parallel vehicles having regard to all the circumstances that the Consultant considers to be relevant (including the Company's investment policy as it applies to Fund II).
- Nothing in the Fund II Consultancy Services Agreement shall prevent the Consultant from providing services or acting in any capacity whatsoever for any other person on such terms as the Consultant may arrange and the Consultant shall not be deemed to be affected with notice of or to be under any duty to disclose to BECAP GP II any fact or thing which may come to its knowledge or any of its servants or agents in the course of so doing or in any manner whatever otherwise than in the course of carrying out its duties under the Fund II Consultancy Services Agreement.
- The Fund II GP acknowledges that the Consultant may perform services similar to the Fund II Consultancy Services for one or more other persons. The Fund II GP accepts and agrees that the Consultant shall be entitled to consider the interests of those other persons, and not just those of Fund II GP alone, in providing the Fund II Consultancy Services to Fund II GP.
- The Consultant may effect transactions in which the Consultant, an associate of the Consultant, or another client of the Consultant has, directly or indirectly, a material interest or a relationship of any description with another party which involves or may involve a potential conflict with the Consultant's duties under the Fund II Consultancy Services Agreement. The Consultant shall ensure that such transactions are effected on terms which are not materially less favourable to the Fund II GP than if the conflict or potential conflict had not existed. The Consultant shall not be liable to account to the Fund II GP for any profits or benefits made or derived by or in connection with any such transaction.

- Conflicts of interest, if any, which the Consultant (acting reasonably) determines as affecting (or reasonably likely to affect) the Consultant's duties to any material degree shall be disclosed to the Fund II GP. The Fund II GP is obliged further to the Fund II Partnership Agreement to notify the 2012 Cell promptly of any notification so received.
- The Consultant has represented in the Fund II Consultancy Services Agreement that it will use all its reasonable endeavours to maintain all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are (in the Consultant's reasonable opinion) necessary for the proper provision of the Fund II Consultancy Services.

The terms of the Fund I Consultancy Services Agreement are summarised under the heading "The Consultant" in Part 4 of the 2010 Prospectus and the information contained under the heading "The Consultant" in Part 4 of the 2010 Prospectus is incorporated by reference into this document. In addition, pursuant to the Fund I Consultancy Services Agreement Amendment Deed:

- Conflicts of interest, if any, which the Consultant (acting reasonably) determines as affecting (or reasonably likely to affect) the Consultant's duties to any material degree shall be disclosed to the Fund I GP. Further, pursuant to the Fund I Partnership Agreement Amendment Agreement, the Fund I GP is obliged to notify the 2009 Cell promptly of any notification so received.
- The Consultant has represented that it will use all its reasonable endeavours to maintain all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are (in the Consultant's reasonable opinion) necessary for the proper provision of the Fund II Consultancy Services.

23. THE CONSULTANT

Jon Moulton

Jon Moulton is Chairman of the Consultant and holds 84 per cent. of the voting rights in the Consultant. He is a Fellow of the Institute for Turnaround and a Corporate Financier in the Institute of Chartered Accountants in England and Wales. Jon is chairman of FinnCap, the stockbroker, and he is a member of the UK government's £1.4 billion UK Regional Growth Fund. Between 1997 and September 2009, Jon Moulton was the Managing Partner and founder of Alchemy Partners. From 1972 to 1978, Jon was a Manager at Coopers & Lybrand, in Liverpool where he specialised in computer audit and corporate insolvency. He then worked in the M&A group of Coopers & Lybrand in New York for two years before moving to Citicorp Venture Capital, initially in New York and then, from 1981, in London where he was a Managing Director in the LBOs and venture capital group, and a member of the French and German Investment Committees. From 1985 to 1994, Jon was the Managing Partner and founder of Schroder Ventures, where he focused on LBOs and venture capital, and was a member of the French and German Investment Committees. Between 1994 and 1997, Jon was the Director in charge of LBOs at Apax Partners and a member of its International Operating Committee. Jon is Chairman of Santia and a director of DigiPoS, both portfolio companies of Fund I.

Mark Aldridge

Mark Aldridge is CEO of the Consultant. He was a partner at BDO from 2001 to 2009. At BDO, Mark was a member of the partner team which developed and was responsible for that firm's private equity advisory business, within corporate finance. He also developed the property finance practice and led an integrated approach to providing corporate finance and business recovery services. Mark worked as an accountant at Coopers & Lybrand between 1988 and 1993 before joining Clark Whitehill as a manager in corporate finance in 1993. He was a partner in that practice from 1996 to 2001, when he joined BDO.

Nick Sanders

Nick Sanders is Head of Portfolio at the Consultant. Nick's career began as an undergraduate apprentice at Rolls Royce where he worked on the civil engine product support and engine development projects. In 1992 he moved to Lucas Aerospace as a divisional engineering manager, becoming Vice President Operations in 1996. Between 2002 and 2009, Nick was the CEO of CompAir Group. Nick led the private equity backed buy-out of the business from Invensys, a transaction that was voted

Private Company Turnaround of the Year 2006. Following the sale of CompAir, Nick was interim CEO of Deloro Stellite from September 2009 to December 2009. Nick is Chairman of four Fund I portfolio companies: Gardner, Readers, Calyx and Fairline.

Peter Williamson

Peter joined the Consultant as an Operating Partner in August 2011. A graduate engineer and MBA, he began his career in manufacturing and sales roles in BTR and Schlegel. He was President/Managing Director of BTR India from 1996 to 1999. From 1999 to 2004 he was President of the non-automotive weather-strip businesses of Metzeler, a CVC portfolio company. Following the successful sale of the business to Trelleborg in 2004 he was President PA Engine for Trelleborg Automotive. In 2006 he joined an Apax portfolio company Xerium Technologies, initially responsible for Stowe Woodward, and then their European activities. Peter has significant international experience having been based in the US, India and Germany. His last assignment was a complex turnaround and sale of IBP Conex, a Sun Capital Partner's portfolio company, where he was CEO. Peter is a director of Fairline, a portfolio company of Fund I.

Fiona Timothy

Fiona graduated in 1985 from Warwick University with a degree in Economics and Economic History. Her career history spans a number of businesses in the telecommunications and software and services sectors. She has worked for organisations such as Northern Telecom, Data General and Informix INC. Prior to joining Better Capital in October 2011, Fiona was CEO of CDA Solutions, a private equity backed software and services provider in the Financial and HR application area. Currently, Fiona is on the Board of two Fund I businesses, Calyx Group of Companies as CEO and DigiPoS as Chairman. Fiona also gives some of her time to the charity sector. She is currently Chairman of the Technology Leadership Group within the Prince's Trust, a group which has among its membership the majority of the UK's top IT businesses. In addition she is trustee of HTI, a charity focussed on developing business connections between Head Teachers and UK industry.

Gerard Lloyd

Gerard Lloyd is a solicitor and holds a degree in accountancy and law from the University of Wales (Cardiff). From 2001 to April 2009, he was Head of Legal at SVG Capital plc, a UK quoted investment trust which is a private equity investor and fund management and advisory business. Between 1993 and 2001, he was the legal director at Schroder Ventures Holdings Limited where he was responsible for all legal matters relating to the structuring and formation of Schroder Ventures funds.

Chris Morris

Chris Morris is a chartered accountant and holds a degree in accountancy and economics from the University of Wales (Cardiff). From 2001 to April 2009, he was Head of Finance and latterly Head of Corporate Finance at SVG Capital plc, a UK quoted investment trust which is a private equity investor and fund management and advisory business. In 1988, Chris joined Schroder Ventures Holdings Limited, London, in a financial reporting and fund structuring role. He was appointed Finance Director in 1996.

Rob Asplin

Rob works as a director of the Consultant. He is a chartered certified accountant, a Durham University graduate and holds the ICAEW CF Diploma. Rob has eight years experience in mid-market M&A transactions. Prior to joining Better Capital LLP, he was a Corporate Finance advisor at BDO, most recently specialising in the execution of distressed and turnaround transactions. He has acted for a range of stakeholders including banks, institutional investors and corporates across a diverse range of sectors. Prior to working at BDO in London he worked at a specialist M&A boutique, Jasper CF and at Lloyds TSB. Rob is on the board of Fund I portfolio company DigiPoS.

Charles Oakshett

Charles works as a director of the Consultant. He is a qualified chartered accountant, and a graduate of Cambridge University. He joined Better Capital LLP after six years at BDO, where he was a Corporate Finance advisor specialising in the execution of distressed and turnaround transactions. He worked closely with the firm's business recovery team on company administrations and client restructuring assignments, including in respect of the Dawnay Day Group and the Saad Group.

Bonnie Kraus

Bonnie joined the Consultant as a manager in February 2011. She read Economics at University College, London and trained with Arthur Andersen where she qualified as a chartered accountant in 2001. From September 2001 to January 2011, Bonnie worked in the M&A and transaction service teams at BDO where she developed a particular focus on real estate finance and distressed M&A.

Amanda Douglas

Amanda joined the Consultant as a manager in August 2011. She is a graduate of Durham University, and trained at Deloitte where she qualified as a chartered accountant in 2008. From 2009 to 2011 Amanda worked in the recovery and restructuring team at Zolfo Cooper where she was involved in formal administration cases as well as advisory work.

Tom Wright

Tom joined the Consultant as an executive in September 2011. He is a graduate in Economics and Finance from the University of Bristol and trained at PwC where he qualified as a chartered accountant in 2008. Following this, Tom transferred to the Transaction Services department at PwC where he provided financial due diligence advice for a range of private equity and corporate clients.

24. MEETINGS, ACCOUNTS AND REPORTS TO SHAREHOLDERS

The Company is committed to providing as much information to Shareholders, over and above such information as the Company may be obliged to announce from time to time, as the Directors consider appropriate. For example, the Company will seek, wherever practicable so to do, to provide updates on significant developments in relation to investee businesses.

The Company's financial statements which have been prepared in accordance with IFRS and audited for the period from 24 November 2009 (being the date of incorporation) to 31 March 2011 have been published by the Company and incorporated by reference into this document as described in Part 9 of this document.

Fund I's financial statements have been prepared in accordance with US GAAP and audited financials for the period from 23 November 2009 to 31 March 2011 and are included in Part 11 of this document. These have been included in this document and prepared under US GAAP in order to comply with the requirements of the Prospectus Rules. US GAAP has been used as it does not require the consolidation of underlying investments and is therefore considered by the Board and the Fund I GP to be the most appropriate method of presenting the financial information of Fund I. Going forward, annual report and accounts and semi-annual interim reports of Fund I will be prepared under US GAAP for the Fund I GP, but will not be sent to Shareholders or otherwise made publicly available. The underlying assets of Fund I will be included within those of Better Capital Limited.

The Company's first annual report and accounts have been made for the period from 24 November 2009 (being the date of its incorporation) to 31 March 2011. Thereafter, the annual report and accounts of the Company will be made for the 12 months (or such shorter) period ending 31 March in each year. Copies of the annual audited financial statements will be sent to each Shareholder. The Company will endeavour to finalise annual audited financial statements within 3 months of the end of the relevant accounting period. Semi-annual unaudited interim reports will be prepared as at 30 September in each year, with the latest interim report having been published as at 30 September 2011. In addition, copies of the annual audited financial statements and the semi-annual unaudited interim reports will be made available for inspection at and may be obtained upon request from the registered office of the Company shortly thereafter. These financial statements and reports will contain information as to the 2009 Cell NAV and the 2012 Cell NAV as at their dates.

The Company's annual report and accounts will contain the Company's combined financial statements and supplementary information as to the separate financial position, comprehensive income, changes in equity, and cash flows statements and Investment reports containing portfolio analysis and portfolio information, for each of Better Capital 2009 Cell and Better Capital 2012 Cell. There will be a separate chairman's statement and a report from each of Fund I GP and Fund II GP for each Cell.

It is intended that the annual general meeting of the Company will normally be held in June or July of each year. The annual general meeting of the Company will be held in Guernsey or such other place (not being in the UK) as may be determined by the Board of Directors. Notices convening the annual

general meeting in each year will be sent to Shareholders at their registered address or given by advertisement not later than 10 clear days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses or by Shareholders requisitioning such meetings in accordance with Guernsey law, and may be held in Guernsey or elsewhere.

25. TAXATION

Further details of the taxation of the Company and a general guide to the taxation of dividends for Shareholders who are resident in the UK is set out in paragraph 12 of Part 12 of this document and your attention is drawn to this section. Prospective investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers immediately.

26. FURTHER INFORMATION

Prospective investors should read the whole of this document, which provides additional information on the Company, the Conversion, the Firm Placing and the Placing and Open Offer and Admission, and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to the section headed "Risk Factors" in which a summary of the risk factors relating to an investment in the Company, and to Parts 2, 3 and 4, which contain further additional information on the Company, Fund I and Fund II respectively.

Part 7:

Terms and Conditions of the Open Offer

1. INTRODUCTION

The Company intends to issue up to approximately 200 million of the 2012 Shares in order to raise gross proceeds of up to approximately £200 million by way of the Firm Placing and Placing and Open Offer for investment in Fund II. 158,244,920 of the 2012 Shares will be issued through the Firm Placing and up to 41,356,190 of the 2012 Shares will be issued through the Placing and Open Offer at 100 pence per 2012 Share.

The Directors currently beneficially own, in aggregate, 330,000 Existing Shares representing approximately 0.16 per cent. of the existing issued ordinary share capital of the Company as at 15 December 2011 (being the latest practicable date prior to publication of this document). The Directors intend to subscribe for an aggregate of 650,000 of the 2012 Shares pursuant to the Firm Placing and Placing and Open Offer, following which the Directors will own, in aggregate, 330,000 of the 2009 Shares representing approximately 0.16 per cent. of the 2009 Shares and 650,000 of the 2012 Shares representing approximately 0.41 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Jon Moulton has entered into a placing letter with Numis under which he has agreed to subscribe for 30 million of the 2012 Shares pursuant to the Firm Placing and Placing in place of his participation in the Open Offer. Including this latest subscription, Jon Moulton will have invested an aggregate of £49.75 million in the share capital of the Company and has indicated that he intends to contribute significantly to future fundraisings although he cannot commit that future participation will be *pro rata* to his existing investment. The interests in the Company that are attributable to Jon Moulton and persons connected with him will represent approximately 9.44 per cent. of the 2009 Shares and approximately 18.96 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Mark Aldridge and Nick Sanders have each agreed to subscribe for 2012 Shares pursuant to the Firm Placing and Placing such that they will each subscribe for, in aggregate, 450,000 of the 2012 Shares in aggregate 900,000. The interests in the Company that are attributable to Mark Aldridge and Nick Sanders and persons connected with them will represent, approximately 0.17 per cent. of the 2009 Shares and approximately 0.57 per cent. of the 2012 Shares immediately following Admission. In addition, other members and employees of the Consultant intend to subscribe for an aggregate of 242,020 of the 2012 Shares pursuant to the Firm Placing representing approximately 0.15 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Each of Jon Moulton, Mark Aldridge and Nick Sanders has severally undertaken to the Company and Numis that he will not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the end of the Fund II Investment Period dispose of seventy (70) per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer as described in further detail in paragraph 16.4 of Part 12.

John Caudwell has entered into a placing letter with Numis under which he has agreed to subscribe for 50 million of the 2012 Shares under the Firm Placing at the Issue Price and Brian Caudwell has entered into a placing letter with Numis under which he has agreed to subscribe for 7.5 million of the 2012 Shares under the Firm Placing and a further 2.5 million of the 2012 Shares under the Conditional Placing. John Caudwell and Brian Caudwell have been deemed to be acting in concert for the purposes of the Takeover Code and, when considered together, and assuming Brian Caudwell will participate in full in the Conditional Placing, their combined shareholding will represent:

- approximately 28.8 per cent. of the 2012 Shares in issue following Admission on the assumption that the Open Offer is fully subscribed, or 36.3 per cent. of the 2012 Shares in issue following Admission on the assumption that no 2012 Shares are subscribed for under the Open Offer; and

- approximately 56,177,500 voting rights representing approximately 13.2 per cent. of the overall votes available to be cast in a general meeting of the Shareholders of the Company on the assumption that the Open Offer is fully subscribed, or 14.6 per cent. of overall votes available to be cast in a general meeting of the Shareholders of the Company on the assumption that no 2012 Shares are subscribed for under the Open Offer.

The Company and Numis have received separate undertakings from John Caudwell and Brian Caudwell, as detailed in paragraph 16.11 of Part 12. John Caudwell and Brian Caudwell have each severally agreed that he will not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the until the second anniversary of the date of Admission dispose of seventy (70) per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer and, subject to certain exceptions, following the second anniversary of the date of Admission, shall consult with Numis and the Company so far as is reasonably practicable in the circumstances having regard as is reasonable in the circumstances to the Company's desire to ensure an orderly market for its shares as described in further detail in paragraph 16.4 of Part 12.

The Conditional Placees have agreed to subscribe for the Conditional Placed Shares pursuant to the Placing. The Company and Numis reserve the right to accept further Conditional Placees up to 10 January 2012, subject to the total number of Conditional Placed Shares not exceeding 41,356,190. In the event that valid acceptances are not received in respect of any of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and, to the extent that there remain any unallocated Open Offer Shares, such number as Conditional Placees have agreed to subscribe for, in aggregate, under the Placing will be placed to such Conditional Placees.

The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer.

Any Qualifying Shareholder who has sold or transferred all or part of its or his registered holding(s) of Existing Shares prior to 8.00 a.m. on 20 December 2011, when the Existing Shares were marked "ex" the entitlement to the Open Offer, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from it or him under the rules of the London Stock Exchange by those who purchased its or his holding(s) (or part thereof).

A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Non-CREST Shareholders, the Non-CREST Application Form, contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part 7 (*Terms and Conditions of the Open Offer*) which gives details of the procedure for application and payment for the Open Offer Shares.

2. THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Non-CREST Application Form), Qualifying Shareholders are being given the opportunity to apply for a number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility) at the Issue Price (payable in full on application and free of all expenses) and will have a Basic Entitlement of:

one Open Offer Share for every five Existing Shares

registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Shares then registered. Applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements.

The Basic Entitlements will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Qualifying Shareholders may apply to acquire less than their Basic Entitlement should they so wish. In addition, Qualifying Shareholders who apply for their Basic Entitlement in full may also apply to acquire Excess Shares using the Excess Application Facility, up to a maximum number of Excess Shares equal to 0.7 times the number of Shares held by them on the Record Date. Please refer to paragraphs 4.1.3 and 4.2.3 of this Part 7 (*Terms and Conditions of the Open Offer*) for further details of the Excess Application Facility.

Qualifying Shareholders with holdings of Existing Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating Basic Entitlements, as will holdings under different designations and in different accounts.

Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraphs 4.2.1 to 4.2.12 of this Part 7 (*Terms and Conditions of the Open Offer*) and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to below. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 2 on the Non-CREST Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

The Excess Application Facility enables Qualifying Shareholders who have taken up their Basic Entitlement in full to apply for any whole number of Excess Shares in addition to their Basic Entitlement up to a maximum number of Excess Shares equal to 0.7 times the number of Shares they held at the Record Date. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete Boxes 6, 7 and 8 on the Non-CREST Application Form. Excess applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility, will be met in full or in part or at all.

The aggregate number of the 2012 Shares available for subscription pursuant to the Open Offer (including under the Excess Application Facility) is 41,356,190 2012 Shares.

Following the issue of the 2012 Shares pursuant to the Firm Placing and Placing and Open Offer, Qualifying Shareholders (including Shareholders in the United States and any other Restricted Jurisdiction and other jurisdictions where participation is restricted for legal, regulatory or other reasons) who do not take up any of their Basic Entitlement (and who do not take up any Excess Shares under the Excess Application Facility) will suffer a dilution of 40.3 per cent. to their respective voting rights in the Company (assuming no take-up under the Open Offer). If Qualifying Shareholders subscribe for their Basic Entitlement in full they will suffer a dilution of 36.4 per cent. to their voting rights in the Company (assuming full take-up under the Open Offer).

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Non-CREST Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply to take up their Basic Entitlements and Excess CREST Open Offer Entitlements, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or will be placed under the Placing and the net proceeds will be retained for the benefit of the Company. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. If valid acceptances are not received in respect of all the Open Offer Shares under the Open Offer, unallocated Open Offer Shares may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and, to the extent that there remain any unallocated Open Offer Shares, such number as Conditional Placees have agreed to subscribe for, in aggregate, under the Placing will be placed to such Conditional Placees and the net proceeds will be retained for the benefit of the Company. To the extent that the Open Offer Shares are not taken up under the Open Offer or the

Placing, the Company would receive less than the gross proceeds under the Open Offer, which are estimated to be a maximum of £41.4 million.

The Existing Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the 2012 Shares. All such 2012 Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application will be made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Basic Entitlements and Excess CREST Open Offer Entitlements are expected to be admitted to CREST with effect from 20 December 2011.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. CONDITIONS AND FURTHER TERMS OF THE OPEN OFFER

The Firm Placing and Placing and Open Offer is conditional, *inter alia*, upon the following:

(a) the passing of the Resolutions to be proposed at the Extraordinary General Meeting to be held on 11 January 2012, notice of which is set out in the back of this document;

(b) Admission of the Open Offer Shares becoming effective by not later than 8 a.m. on 13 January 2012 (or such later date as may be agreed between the Company and Numis being no later than 31 January 2012); and

(c) the Placing Agreement becoming unconditional in all respects.

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver), the Firm Placing and Placing and Open Offer will not proceed and any applications made by Qualifying Shareholders 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 2012 Shares cannot occur after dealings have begun. In the event that the Resolutions to be proposed at the Extraordinary General Meeting are not passed, an announcement will be made to this effect, the Open Offer will be kept open such that it will have been open for acceptance in accordance with Article 4.13 of the Articles and Admission will be delayed accordingly.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form within seven days of Admission. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on 13 January 2012.

Applications will be made for the 2012 Shares (including the Open Offer Shares) to be admitted to the Official List (listing category premium equity closed ended investment funds) and to trading on the London Stock Exchange's main market for listed securities. Admission is expected to occur on 13 January 2012, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate non-interest bearing bank account opened solely for the Open Offer.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

4. PROCEDURE FOR APPLICATION AND PAYMENT

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has a Non-CREST Application Form in respect of his Open Offer Entitlement or a Qualifying Shareholder has Basic Entitlements and Excess CREST Open Offer Entitlements credited to his CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Shares in certificated form will be issued Open Offer Shares in certificated form. Qualifying Shareholders who hold all or part of their Existing Shares in

uncertificated form will be issued Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2.7 of this Part 7 (*Terms and Conditions of the Open Offer*).

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Non-CREST Application Form. Qualifying Shareholders are, however, encouraged to vote at the Extraordinary General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

4.1 **If you have a Non-CREST Application Form in respect of your entitlement under the Open Offer**

4.1.1 ***General***

Subject as provided in paragraph 6 of this Part 7 (*Terms and Conditions of the Open Offer*) in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive a Non-CREST Application Form. The Non-CREST Application Form shows the number of Existing Shares registered in their name on the Record Date in Box 1. It also shows the number of Open Offer Shares which represents their Basic Entitlement under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to them set out in Box 2. Box 3 shows how much they would need to pay if they wish to take up their Basic Entitlement in full. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Any Qualifying Non-CREST Shareholders with fewer than five Existing Shares will not receive a Basic Entitlement. Qualifying Non-CREST Shareholders may apply for less than their Basic Entitlement should they wish to do so. Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares representing less than their Basic Entitlement may do so by completing Box 6 of the Non-CREST Application Form. Qualifying Non-CREST Shareholders who have taken up their Basic Entitlement in full may also apply for Excess Shares under the Excess Application Facility up to a maximum number of Excess Shares equal to 0.7 times the number of Shares held by them on the Record Date by completing Box 7 of the Non-CREST Application Form (see paragraph 4.1.3 of this Part 7 (*Terms and Conditions of the Open Offer*)). Qualifying Non-CREST Shareholders may hold such a Non-CREST Application Form by virtue of a *bona fide* market claim (see paragraph 4.1.2 of this Part 7 (*Terms and Conditions of the Open Offer*)). The instructions and other terms set out in the Non-CREST Application Form form part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

4.1.2 ***Bona fide market claims***

Applications to acquire Open Offer Shares may only be made on the Non-CREST Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Shares through the market prior to the date upon which the Existing Shares were marked "ex" the entitlement to participate in the Open Offer. Non-CREST Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 6 January 2012. The Non-CREST Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Shares prior to the date upon which the Existing Shares were marked "ex" the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares

under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Non-CREST Application Form and immediately send it to either the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee or to the Receiving Agent in accordance with the instructions set out in the accompanying Non-CREST Application Form. The Non-CREST Application Form should not (subject to certain exceptions) be forwarded to or transmitted in or into a Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Non-CREST Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2.2 of this Part 7 (*Terms and Conditions of the Open Offer*).

4.1.3 ***Excess Application Facility***

Qualifying Shareholders who have taken up their Basic Entitlement in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares, up to a maximum number of Excess Shares equal to 0.7 times the number of Shares held by them on the Record Date, may do so by completing Box 7 of the Non-CREST Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any Excess Applications. Excess Applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

4.1.4 ***Application procedures***

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled should complete the Non-CREST Application Form in accordance with the instructions printed on it. Completed Non-CREST Application Forms should be posted in the accompanying pre-paid envelope or returned by post or by hand (during normal office hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (who will act as Receiving Agent in relation to the Open Offer), so as to be received by the Receiving Agent, in either case, by no later than 11.00 a.m. on 10 January 2012, after which time Non-CREST Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If a Non-CREST Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

Non-CREST Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided.

Completed Non-CREST Application Forms should be returned with a cheque or banker's draft drawn in sterling on a bank or building society in the UK 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 and banker's drafts to be cleared through facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Cheques should be drawn on a personal account in respect of which the Qualifying Shareholder has sole or joint title to the funds and should be made payable to "Capita Registrars Limited re Better Capital Limited Open Offer" and crossed "A/C Payee Only".

Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed on the back of the cheque that the relevant Qualifying Shareholder has title to the underlying funds) will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Firm Placing and Placing and Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account until all conditions are met. If the Firm Placing and Placing and Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Firm Placing and Placing and Open Offer.

Subject to the provisions of the Placing Agreement, the Company may in its sole discretion, but shall not be obliged to, treat a Non-CREST Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

(i) Non-CREST Application Forms received after 11.00 a.m. on 10 January 2012; or

(ii) applications in respect of which remittances are received before 11.00 a.m. on 10 January 2012 from authorised persons (as defined in the FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Non-CREST Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted and issued to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, Numis or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

4.1.5 ***Effect of application***

By completing and delivering a Non-CREST Application Form the applicant:

(i) represents and warrants to the Company, the Receiving Agent and Numis that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;

(iii) confirms that in making the application he is not relying on any information or representation in relation to the Company other than those contained in this

document and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document;

(iv) confirms that in making the application he is not relying and has not relied on Numis or any other person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(v) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the 2012 Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Numis;

(vi) represents and warrants to the Company, the Receiving Agent and Numis that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vii) represents and warrants to the Company, the Receiving Agent and Numis that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(viii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Non-CREST Application Form and, subject to the Memorandum and Articles of the Company;

(ix) represents and warrants to the Company, the Receiving Agent and Numis that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer; and

(x) represents and warrants to the Company, the Receiving Agent and Numis that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in s93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

All enquiries in connection with the procedure for application and completion of the Non-CREST Application Form should be made to the Receiving Agent on the shareholder helpline on 0871 664 0321, or, if calling from overseas, +44 208 639 3399. Calls to the 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the shareholder helpline cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Non-CREST Application Form. Qualifying Shareholders are, however, encouraged to vote at the Extraordinary General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

4.2 **If you have Basic Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer**

4.2.1 ***General***

Subject as provided in paragraph 6 of this Part 7 (*Terms and Conditions of the Open Offer*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares which represents his Basic Entitlement and his Excess CREST Open Offer Entitlement, equal to 0.7 times the number of Shares held by them on the Record Date (see paragraph 4.2.3 for further details). Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlement and will be aggregated and made available under the Excess Application Facility. Any Qualifying CREST Shareholders with fewer than 31 Existing Shares will not receive a Basic Entitlement.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlement and Excess CREST Open Offer Entitlement have been allocated.

If for any reason the Basic Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, as soon as possible after 8.00 a.m. on 13 January 2012, or such later time and/or date as the Company may decide, a Non-CREST Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Non-CREST Application Forms will apply to Qualifying CREST Shareholders who receive such Non-CREST Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent on the shareholder helpline on 0871 664 0321, or, if calling from overseas, +44 208 639 3399. Calls to the 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged a applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the shareholder helpline cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

4.2.2 ***Market claims***

Each of the Basic Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit

as "cum" the Basic Entitlement and the Excess CREST Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

4.2.3 ***Excess Application Facility***

Qualifying Shareholders who have taken up their Basic Entitlement in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Basic Entitlement up to a maximum number of Excess Shares equal to 0.7 times the number of Shares held by them on the Record Date.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred.

Subject as provided in paragraph 6 of this Part 7 (*Terms and Conditions of the Open Offer*) in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 4.2.6 below and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number. Any fractional Excess Shares will be aggregated and sold for the benefit of the Company.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

All enquiries in connection with the procedure for application of Excess CREST Open Offer Entitlements should be made to Capita Registrars on the shareholder helpline 0871 664 0321 or, if calling from overseas, +44 208 639 3399. Calls to the 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged a applicable international rates. Different charges may apply to calls from mobile telephones and calls

may be recorded and randomly monitored for security and training purposes. Please note the shareholder helpline cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their entitlement or apply for Excess Shares.

4.2.4 ***USE instructions***

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Basic Entitlement and Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Basic Entitlements and/or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

(ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 4.2.4(i) above.

4.2.5 ***Content of USE instruction in respect of Basic Entitlements***

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Receiving Agent);

(ii) the ISIN of the Basic Entitlement. This is GG00B7515F64;

(iii) the CREST participant ID of the accepting CREST member;

(iv) the CREST member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;

(v) the participant ID of Capita Registrars Limited in its capacity as Receiving Agent. This is 7RA33;

(vi) the member account ID of Capita Registrars in its capacity as Receiving Agent. This is 27524BET;

(vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of 2012 Shares referred to in paragraph 4.2.5(i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 10 January 2012; and

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 10 January 2012.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

(i) a contact name and telephone number (in the free format shared note field); and

(ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 10 January 2012 in order to be valid is 11.00 a.m. on that day.

4.2.6 ***Content of USE instruction in respect of Excess CREST Open Offer Entitlements***

The USE Instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Open Offer Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);

(ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GG00B751KB78;

(iii) the CREST participant ID of the accepting CREST member;

(iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;

(v) the participant ID Receiving Agent. This is 7RA33;

(vi) the member account ID of Capita Registrars in its capacity as Receiving Agent. This is 27524BET;

(vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of 2012 Shares referred to in paragraph 4.2.6(i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 10 January 2012; and

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 10 January 2012.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

(i) a contact name and telephone number (in the free format shared note field); and

(ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 10 January 2012 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Firm Placing and Placing and Open Offer do not become unconditional by 8.00 a.m. on 13 January 2012 or such later time and date as the Company and Numis agree (being no later than 8.00 a.m. on 31 January 2012), the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

4.2.7 ***Deposit of Open Offer Entitlements into, and withdrawal from, CREST***

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Non-CREST Application Form may

be deposited into CREST (either into the account of the Qualifying Shareholder named in the Non-CREST Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer can be applied for through a Non-CREST Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Non-CREST Application Form.

A holder of a Non-CREST Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 January 2012. After depositing their Basic Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing a Non-CREST Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Non-CREST Application Form as Basic Entitlements or Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 5 January 2012 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements or Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 4 January 2012, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements and the Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in a Non-CREST Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements or in respect of the Excess CREST Open Offer Entitlements, as the case may be, prior to 11.00 a.m. on 10 January 2012. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Basic Entitlement and the Excess CREST Open Offer Entitlement.

Delivery of a Non-CREST Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Non-CREST Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Do you want to deposit your Open Offer Entitlements into CREST" on page 3 of the Non-CREST Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it is/they are not citizen(s) or resident(s) of the United States or any other Restricted Jurisdiction or any jurisdiction in which the application for 2012 Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

4.2.8 ***Validity of application***

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 10 January 2012 will constitute a valid application under the Open Offer.

4.2.9 ***CREST procedures and timings***

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 10 January 2012. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4.2.10 ***Incorrect or incomplete applications***

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

(i) to reject the application in full and refund the payment to the CREST member in question, without payment of interest;

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question, without payment of interest; and

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

4.2.11 ***Effect of valid application***

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

(i) represents and warrants to the Company, the Receiving Agent and Numis that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

(iii) agrees that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;

(iv) confirms that in making the application he is not relying on any information or representation in relation to the Company other than those contained in this document and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document;

(v) confirms that in making the application he is not relying and has not relied on Numis or any other person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(vi) confirms that no person has been authorised to give any information or to make any representation concerning the Company or the 2012 Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Numis;

(vii) represents and warrants to the Company, the Receiving Agent and Numis that he is the Qualifying Shareholder originally entitled to the Basic Entitlements and Excess CREST Open Offer Entitlements or that he has received such Basic Entitlements and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;

(viii) represents and warrants to the Company, the Receiving Agent and Numis that if he has received some or all of his Basic Entitlements and Excess CREST Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Basic Entitlements and Excess CREST Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(ix) requests that the 2012 Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Memorandum and Articles of the Company;

(x) represents and warrants to the Company, the Receiving Agent and Numis that he is not, nor is he applying on behalf of any Shareholder who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States or any other Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or any other Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer; and

(xi) represents and warrants to the Company, the Receiving Agent and Numis that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in s93 (depository receipts) or s96 (clearance services) of the Finance Act 1986.

4.2.12 ***Company's discretion as to the rejection and validity of applications***

Subject to the provisions of the Placing Agreement, the Company may in its sole discretion:

(i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 6 (*Terms and Conditions of the Open Offer*);

(ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

(iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving

details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

5. MONEY LAUNDERING REGULATIONS

5.1 **Holders of Non-CREST Application Forms**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Non-CREST Application Form is lodged with payment (which requirements are referred to below as the "**verification of identity requirements**"). If the Non-CREST Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Non-CREST Application Form.

The person lodging the Non-CREST Application Form with payment and in accordance with the other terms as described above ("**acceptor**"), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5, the "**relevant Open Offer Shares**") shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of a Non-CREST Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent, the Company and Numis from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

(i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or

(ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or

(iii) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £12,611 as at 16 December 2011). In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

(a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the UK of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "Capita Registrars Limited re Better Capital Limited Open Offer" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only" in each case. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. However, third party cheques will be subject to the Money Laundering Regulations which would delay Shareholders receiving their Open Offer Shares. The account name should be the same as that shown on the Non-CREST Application Form; or

(b) if the Non-CREST Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Non-CREST Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at the address set out in the section of this document headed "Directors, Secretary, Registered Office and Advisers".

To confirm the acceptability of any written assurance referred to in paragraph 5.1(iii)(b) above, or in any other case, the acceptor should contact the Receiving Agent on the shareholder helpline on 0871 664 0321, or, if calling from overseas, +44 208 639 3399 between 9.00 a.m. and 5.00 p.m. Monday to Friday. Calls to the 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the shareholder helpline cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their entitlement or apply for Excess Shares.

If the Non-CREST Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £12,611 as at 16 December 2011) or more and is/are lodged by hand by the acceptor in person, or if the Non-CREST Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 10 January 2012, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 **Basic Entitlements and Excess CREST Open Offer Entitlements in CREST**

If you hold your Basic Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned.

If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. OVERSEAS SHAREHOLDERS

This document has been approved by the FSA, being the competent authority in the UK.

Accordingly, the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 **General**

The distribution of this document and the Non-CREST Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or Numis or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the UK.

Receipt of this document and/or a Non-CREST Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not

constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Non-CREST Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the United States and the other Restricted Jurisdictions and certain commercial considerations, Non-CREST Application Forms will not be sent to, and neither Basic Entitlements nor Excess CREST Open Offer Entitlements will be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.

No person receiving a copy of this document and/or a Non-CREST Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Non-CREST Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Non-CREST Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Non-CREST Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the UK wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company or Numis nor any of their respective representatives is making any representation to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or a Non-CREST Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or a Non-CREST Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for Open Offer Shares unless the Company and Numis determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or a Non-CREST Application Form and/or transfers Basic Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 7 (*Terms and Conditions of the Open Offer*) and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Excluded Overseas Shareholder or on behalf of such a person by their agent

or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.8 below.

Notwithstanding any other provision of this document or the Non-CREST Application Form, the Company reserves the right to permit any Qualifying Shareholder who is an Excluded Overseas Shareholder to apply for Open Offer Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such an Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the other Restricted Jurisdictions and subject to certain exceptions, Excluded Overseas Shareholders will not qualify to participate in the Open Offer and will not be sent a Non-CREST Application Form nor will their stock accounts in CREST be credited with Basic Entitlements or Excess CREST Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and, subject to certain exceptions, may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, the United States or any other Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Non-CREST Application Forms into the United States or any other Restricted Jurisdiction. Receipt of this document and/or a Non-CREST Application Form and/or a credit of a Basic Entitlement or an Excess CREST Open Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Non-CREST Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 **United States**

Subject to certain exceptions, this document is intended for use only in connection with offers and sales of the 2012 Shares outside the United States and, subject to certain exceptions, is not to be sent or given to any person within the United States. The 2012 Shares offered hereby are not being registered under the Securities Act, for the purposes of sales outside of the United States.

Accordingly, neither this document nor the Non-CREST Application Form constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or acquire any 2012 Shares to any Shareholder with a registered address in or located in the United States. Notwithstanding the foregoing, the Company reserves the right to offer the 2012 Shares in the United States in transactions exempt from, or not subject to, the registration requirements under the Securities Act.

Subject to certain exceptions, the 2012 Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act.

Each person to whom the 2012 Shares are distributed, offered or sold outside the United States will be deemed by its subscription for, or purchase of, the 2012 Shares to have represented and

agreed, on its behalf and on behalf of any investor accounts for which it is subscribing or purchasing the 2012 Shares, as the case may be, that:

(i) it is acquiring the 2012 Shares from the Company in an "**offshore transaction**" as defined in Regulation S under the Securities Act; and

(ii) the 2012 Shares have not been offered to it by the Company or Numis by means of any "**directed selling efforts**" as defined in Regulation S under the Securities Act.

Each subscriber or purchaser acknowledges that the Company or Numis will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for, or purchase of, the 2012 Shares, as the case may be, are no longer accurate, it shall promptly notify the Company and Numis. If such subscriber or purchaser is subscribing for, or purchasing, the 2012 Shares as a fiduciary or agent for one or more investor accounts each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Notwithstanding the foregoing, the 2012 Shares may be offered to and acquired by a limited number of persons in the United States who are reasonably believed to be QIBs and Qualified Purchasers pursuant to an available exemption from registration under the Securities Act. The Company will rely on the exemption contained in Section 3(c)(7) of the US Investment Company Act, which provides that an investment fund will not be required to register under the US Investment Company Act so long as it limits its investors that are US persons to Qualified Purchasers and does not make a public offering of such investments. It is extremely unlikely that the Company will ever be registered under the US Investment Company Act. Any person reasonably believed to be a QIB and Qualified Purchaser to whom the 2012 Shares are offered and by whom the 2012 Shares are acquired will be required to complete an appropriate investor letter and make certain representations and covenants in the Non-CREST Application Form or otherwise in which, among other things, it will warrant, undertake or acknowledge certain information and/or obligations, as the case may be, in order to participate in the Firm Placing and Placing and Open Offer. Such warranties will include, among others, warranties as to the fact that the purchaser: (a) is a QIB; (b) is a Qualified Purchaser; and (c) is acquiring the 2012 Shares as principal for its own account and not with a view to or for distributing or reselling such 2012 Shares or any portion thereof.

Until 40 days after the later of the date of this Prospectus or the completion of the issue of the 2012 Shares, an offer, sale or transfer of the 2012 Shares within the United States by any dealer (whether or not participating in the Firm Placing and Placing Open Offer) may violate the registration requirements of the Securities Act. Each subscriber or purchaser acknowledges that it will not resell or transfer the 2012 Shares to anyone except non-US persons or persons who are: (i) either QIBs or "accredited investors", as that term is defined in Rule 501(a) under the Securities Act; and (ii) Qualified Purchasers. In addition, each subscriber or purchaser acknowledges that it will not resell the 2012 Shares absent registration or an available exemption or safe harbour from registration under the Securities Act.

6.3 **Canada**

This document is not, and is not to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or the merits of the 2012 Shares, and any representation to the contrary is an offence.

In addition, the relevant exemptions are not being obtained from the appropriate provincial authorities in Canada. Accordingly, the 2012 Shares are not being offered for purchase by persons resident in Canada or any territory or possessions thereof. Applications from any Canadian Person who appears to be or whom the Company has reason to believe to be so resident or the agent of any person so resident will be deemed to be invalid. Neither this document nor a Non-CREST Application Form will be sent to and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a stock account in CREST of any

Shareholder whose registered address is in Canada. If any Non-CREST Application Form is received by any shareholder in the Company whose registered address is elsewhere but who is, in fact, a Canadian Person or the agent of a Canadian Person so resident, he should not apply under the Open Offer.

For the purposes of this paragraph 6.3, "**Canadian Person**" means a citizen or resident of Canada, including the estate of any such person or any corporation, partnership or other entity created or organised under the laws of Canada or any political sub-division thereof.

6.4 **Australia**

Neither this document nor the Non-CREST Application Form has been lodged with, or registered by, the Australian Securities and Investments Commission. A person may not: (i) directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell, the Open Offer Shares; or (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale, in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such a corporation or entity located outside Australia). Accordingly, neither this document nor any Non-CREST Application Form will be issued to, and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a CREST stock account of, Shareholders with registered addresses in, or to residents of, Australia.

6.5 **Other Restricted Jurisdictions**

The 2012 Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. No offer of any 2012 Shares is being made by virtue of this document or the Non-CREST Application Form into any Restricted Jurisdiction.

6.6 **Other overseas territories**

The Non-CREST Application Form will be sent to Qualifying Non-CREST Shareholders and Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Non-CREST Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares.

6.7 **Representations and warranties relating to Overseas Shareholders**

6.7.1 ***Qualifying Non-CREST Shareholders***

Any person completing and returning a Non-CREST Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, Numis and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Non-CREST Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Non-CREST Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly

or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the issue of Open Offer Shares comprised in a Non-CREST Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or any other Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the United States or any other Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this sub-paragraph.

6.7.2 ***Qualifying CREST Shareholders***

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 6 (*Terms and Conditions of the Open Offer*) represents and warrants to the Company and Numis that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

6.8 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing a Non-CREST Application Form and, in the event of more than one person executing a Non-CREST Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. WITHDRAWAL RIGHTS

Persons wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to s87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be deposited by hand only (during normal business hours only) to Capita Registrars, Corporate Action, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by email to the Receiving Agent at withdraw@capitaregistrars.com (please call the Receiving Agent on the shareholder helpline on 0871 664 0321, or, if calling from overseas, +44 208 639 3399 for further details between 9.00 a.m. and 5.00 p.m. Monday to Friday. Calls to the 0871 664 0321 number costs 10 pence per minute (including VAT)) so as to be received within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with the Receiving Agent after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the issue of such Open Offer Shares to such person becoming unconditional save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

In this regard, reference is also made to paragraph 9 of this Part 7 (*Terms and Conditions of the Open Offer*).

8. ADMISSION, SETTLEMENT AND DEALINGS

The result of the Open Offer is expected to be announced on 11 January 2012. Application will also be made for the admission of the 2012 Shares to listing on the Official List (listing category premium equity closed ended investment funds) and to admission to trading on the London Stock Exchange's main market for listed securities. It is expected that Conversion will take effect on 12 January 2012. It is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 13 January 2012.

Application for admission to CREST will be made in respect of the 2012 Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 10 January 2012 (being the latest practicable time for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the 2012 Shares will be issued in uncertificated form to those persons who submitted a valid application for the 2012 Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 10 January 2012, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be on 13 January 2012). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders a Non-CREST Application Form instead of crediting the relevant stock account with Basic Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using a Non-CREST Application Form, share certificates in respect of the 2012 Shares validly applied for are expected to be despatched by post within seven days of Admission. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 of this Part 7 (*Terms and Conditions of the Open Offer*), and the Non-CREST Application Form.

9. TIMES AND DATES

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Non-CREST Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the UK Listing Authority and the London Stock Exchange, and make an announcement on a Regulatory Information Service approved by the FSA and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is published by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is at least three Business Days after the date of publication of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. TAXATION

Certain statements regarding United Kingdom taxation in respect of the 2012 Shares and the Open Offer are set out in paragraph 12 in Part 12 (*Additional Information*). Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

11. GOVERNING LAW AND JURISDICTION

The terms and conditions of the Open Offer as set out in this document, the Non-CREST Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Non-CREST Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Non-CREST Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, where applicable, the Non-CREST Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

12. FURTHER INFORMATION

Your attention is drawn to the further information set out in this document and also to the terms, conditions and other information printed on any Non-CREST Application Form.

Part 8:
Operating and Financial Review

Introduction

This operating and financial review contains historical financial information for the Company stated under International Financial Reporting Standards ("IFRS") as adopted by the European Union, for the half year from 1 April 2011 to 30 September 2011 as set out in Part 9 *(Historical Financial Information relating to the Company)* of this document. This is the last period for which the Company has published financial information.

Investors should not rely solely on the summary information contained in this Part 8 *(Operating and Financial Review)* in making an investment decision but, instead, should read the whole of this document and use the financial information contained in this Part 8 as reference only.

Business overview

Better Capital Limited is a limited liability, closed-ended investment company, which was incorporated on 24 November 2009 in Guernsey with an unlimited life and registered with the Commission as a Registered Closed-ended Collective Investment Scheme. Better Capital Limited was established with the Company's investment objective of generating attractive total returns for holders through an investment policy of investing through Fund I in a portfolio of distressed businesses.

Following Conversion and subject to the Resolutions being passed at the EGM, the Company's investment policy will be amended and segregated into:

- an investment policy of the Company in respect of Better Capital Fund I which shall be implemented through the 2009 Cell; and
- an investment policy of the Company in respect of Better Capital Fund II which shall be implemented through the 2012 Cell.

The segregated investment policies reflects the fact that there will be two discrete, segregated pools of assets, one represented by the 2009 Cell into which the holders of 2009 Shares will be invested and one represented by the 2012 Cell into which the holders of 2012 Shares will be invested.

In December 2009 the Company raised £142.4 million before expenses pursuant to the AIM Placing and admission to trading on AIM. The net proceeds of the AIM Placing were approximately £139 million, representing an unaudited Net Asset Value per Share of 97.5 pence. In June 2010, the Company raised £67.6 million before expenses and migrated to listing on the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange's Main Market pursuant to the Main Market Placing.

As at 30 September 2010, the Company's unaudited Net Asset Value was £208.5 million (representing an unaudited Net Asset Value per Share of 100.8 pence) and the unaudited net asset value of Fund I was £207.6 million.

As at 31 March 2011, the Company's audited Net Asset Value was £210.4 million (representing an audited Net Asset Value per Share of 101.8 pence) and the audited net asset value of Fund I was £208.9 million.

As at 30 September 2011, the Company's unaudited Net Asset Value was £229.4 million (representing an unaudited Net Asset Value per Share of 110.96 pence) and the unaudited net asset value of Fund I was £227.6 million.

At Admission, assuming completion of the Firm Placing and Placing and Open Offer and no take-up under the Open Offer, the Company's unaudited NAV per 2009 Cell Share is expected to be 110.96 pence.

The Company intends, in accordance with the Fund II Investment Policy, to invest the Net Placing Proceeds through the 2012 Cell in Fund II within five Business Days of Admission. The costs and expenses associated with the Conversion and the Firm Placing and Placing and Open Offer will be deducted from the proceeds of the Firm Placing and Placing and Open Offer.

The Company does not otherwise intend to retain any additional liquidity for general corporate requirements over and above the retention of approximately £1 million that will be funded on an expected costs *pro rata* basis between the 2009 Cell and the 2012 Cell.

The size of a typical investment by Fund II is expected to be between £5 million and £75 million. Given the severity of the recent recession, the Directors believe there to be a sufficiently large number of investment opportunities in the UK and Ireland, and beyond, which should mean that the Net Placing Proceeds can be substantially invested or committed by Fund II in accordance with the Fund II Investment Policy, with the intention that Fund II will be substantially invested within approximately the 24 months following Admission.

Apart from the 2009 Cell, the Fund I Special Limited Partner is the only other limited partner in Fund I and no one else can become a limited partner in Fund I without the consent of the Company acting in relation to the 2009 Cell.

Apart from the 2012 Cell, the Fund II Special Limited Partner is the only other limited partner in Fund II and no one else can become a limited partner in Fund II without the consent of the Company acting in relation to the 2012 Cell.

Recent developments

Further financial commitments

In the period since 30 September, three of the portfolio company groups benefited from further financial commitments from Fund I. Gardner and Reader's Digest both received an injection of £1.5 million each to fund short-term working capital whilst Santia also received an injection of £1.5 million to fund its on-going restructuring programme.

Spicers

The agreement by Fund I to acquire Spicers from Unipapel S.A. is conditional upon the proposed disposal of Spicers by DS Smith Plc to Unipapel S.A. The disposal by DS Smith Plc to Unipapel S.A. is subject, as conditions precedent, to formal clearance from the UK pension regulator in respect of certain related UK pension matters and clearance from European merger control in respect of the transaction as a whole. At the date of this document, the condition precedent in respect of clearance from the UK pension regulator has been met. The EU merger control decision is expected on or before 20 December 2011 (having been extended from 6 December 2011 by the regulator to complete its Phase 1 review), which if merger clearance is granted, means the acquisition is now expected to complete on or around 28 December 2011.

Clarity

Enigmatic Investments Limited, a subsidiary of Fund I, made a cash offer for the entire issued share capital of Clarity on 29 September 2011 at 23 pence per share in Clarity, a premium of 7.75 pence to the previous closing price. On 11 November 2011, Enigmatic Investments Limited announced a revised offer of 25 pence per share in Clarity which remained open for acceptances until 1 December 2011. On 1 December 2011, Enigmatic Investments Limited announced that all of the conditions to its final offer for Clarity had been either satisfied or waived and that the final offer had become unconditional in all respects. As at 1.00 p.m. on 14 December 2011, Enigmatic Investments Limited had received valid acceptances in respect of 20,590,942 shares in Clarity representing 49.70 per cent. of the issued ordinary share capital of Clarity and Enigmatic Investments Limited holds a total of 10,909,898 Clarity shares, representing approximately 26.34 per cent. of the issued ordinary share capital of Clarity.

Results of operations

Period from 1 April 2011 to 30 September 2011

Since April 2011, the Company has incurred expenditure in the administration and management of the Company; further details are set out in Part 9 *(Historical Financial Information relating to the Company)*.

Capital Resources

The Company had £1,457,793 of cash at 30 September 2011. Further to these amounts the Company will be dependent upon distributions from Fund I and Fund II to cover further expenditure.

Whilst the Company does not have the right to demand a return of its commitment from Fund I or Fund II, the Partnership Agreements permit the Company to request a return of capital from Fund I or Fund II respectively and the Fund I GP or Fund II GP, as applicable, shall have regard to the best interests of the Company, as well as respectively those of Fund I and Fund II, as applicable, when considering such request. The making of any such repayment is subject to the general restrictions upon the making of distributions by Fund I and Fund II, as set out in the Partnership Agreements.

Capitalisation and indebtedness

Set out below is an unaudited statement of capitalisation and indebtedness of the Company as at 30 September 2011.

	Unaudited £'000
Capitalisation	
Share capital	–
Share premium	205,007
Total capitalisation	205,007

	Unaudited £'000
Net liquidity	
Cash	1,458
Liquidity	1,458

The above information has been extracted from the Company's unaudited results as at and for the Half year from 1 April 2011 to 30 September 2011. Further details are set out in Part 9 *(Historical Financial Information relating to the Company)* of this document. This is the last period for which the Company has published financial information.

There are no borrowings at the level of the Company as at 15 December 2011 (being the latest practicable date prior to publication of this document).

Operating and financial review for the period from incorporation to 31 March 2011

The published annual report and audited financial statements for the period from incorporation on 24 November 2009 to 31 March 2011 (incorported by reference into this document), include on the pages specified in the table below, descriptions of the Company's financial condition, changes in its financial condition and details of the Company's portfolio of investments:

Chairman's Statement	3
General Partner's Report	5
Investment Report of Better Capital Fund	6

Part 9:

Historical Financial Information relating to the Company

Published annual report and audited financial statements for the period from incorporation to 31 March 2011

Historical Financial Information

The published annual report and audited financial statements for the period from incorporation on 24 November 2009 to 31 March 2011 (which has been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

Statement of Financial Position	20
Statement of Comprehensive Income	21
Statement of Changes in Equity	22
Statement of Cash Flows	23
Notes to the Audited Financial Statements	24-38

BDO Limited, PO Box 180, Place du Pré, Rue du Pré, St Peter Port, Guernsey GY1 3LL, independent auditor and member of the Institute of Chartered Accountants in England and Wales, has issued an unqualified audit opinion on the financial statements of the Company for the period 24 November 2009 to 31 March 2011. This opinion is set out on page 19 of the Annual Report and Audited Financial Statements of the Company for the period ended 31 March 2011 and is incorporated by reference into this document.

Selected financial information

The key audited figures that summarise the financial condition of the Company in respect of the period from incorporation on 24 November 2009 to 31 March 2011 which have been extracted without material adjustment from the historical financial information referred to above are set out in the following table:

Net assets (£'000)	210,408
Net asset value per share (p)	101.75
Total comprehensive income for the period (£'000)	5,402
Earnings per share (p)	3.13
Dividends per share (p)	Nil

Published interim financial report for the six month period to 30 September 2011

Historical Financial Information

The published interim financial report for the six month period ended 30 September 2011 (which has been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

Condensed Statement of Financial Position	15
Condensed Statement of Comprehensive Income	16
Condensed Statement of Changes in Equity	17
Condensed Statement of Cash Flows	18
Notes to the Condensed Financial Statements	19-22

BDO Limited has issued an unmodified review opinion on the financial information of the Company for the period ended 30 September 2011. This opinion is set out on page 14 of the Interim Report and Accounts of the Company for the six month period ended 30 September 2011 and is incorporated by reference into this document.

Selected financial information

The key figures that summarise the financial condition of the Company in respect of the six month period to 30 September 2010 and the six month period to 30 September 2011, which have been extracted without material adjustment from the historical financial information referred to above are set out in the following table:

	30 September 2010	30 September 2011
Net assets (£'000)	208,457	229,447
Net asset value per share (p)	100.81	110.96
Total comprehensive income for the period (£'000)	3,451	19,038
Earnings per share (p)	2.27	9.2
Dividends per share (p)	Nil	Nil

Part 10:

Unaudited Pro Forma Financial Information relating to the Company

Unaudited Pro Forma Statement of Net Assets of the Company

The following unaudited pro forma statement of net assets of the Company (the "pro forma financial information") is based on the net assets of the Company as at 30 September 2011, set out in the unaudited interim financial statements of the Company for the period ended on that date, and has been prepared to illustrate the effect on the net assets of the Company as if the Conversion of the Company into a PCC and the Firm Placing and Placing and Open Offer was completed on 30 September 2011.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Company's actual financial position or results.

The pro forma financial information has been prepared under International Financial Reporting Standards as adopted by the EU and on the basis set out in the notes set out below. The pro forma financial information is stated on the basis of the accounting policies to be adopted in the next financial statements of the Company.

		Adjustment	
	The Company as at 30 September 2011 (note 1) £000	Net proceeds of the Firm Placing and Placing and Open Offer of the 2012 Shares (note 2) £000	Pro forma net assets of the Company (note 3) £000
ASSETS:			
Non-current assets			
Investment in Limited Partnership	227,644	–	227,644
Total non-current assets	227,644	–	227,644
Current assets			
Trade and other receivables	436	–	436
Cash and cash equivalents	1,458	154,637	156,095
Total current assets	1,894	154,637	156,531
TOTAL ASSETS	229,538	154,637	156,531
Current liabilities			
Trade and other payables	(91)	–	(91)
Total current liabilities	(91)	–	(91)
TOTAL LIABILITIES	(91)	–	(91)
NET ASSETS	229,447	154,637	384,084

Notes:

1. The net assets of the Company at 30 September 2011 have been extracted without material adjustment from the unaudited interim financial statements of the Company for the six months ended 30 September 2011, which are incorporated by reference in this document.

2. The Firm Placing of the 2012 Shares is estimated to raise net proceeds of £154.6 million (£158.2 million gross proceeds less estimated expenses of £3.6 million) assuming no take-up under the Open Offer.

3. The pro forma net assets of the Company are analysed between the 2009 Cell and the 2012 Cell as follows:

	Pro forma net assets of the 2009 Cell £000	Pro forma net assets of the 2012 Cell £000	Total pro forma net assets of the Company £000
ASSETS:			
Non-current assets			
Investment in Limited Partnership	227,644	–	227,644
Total non-current assets	227,644	–	227,644
Current assets			
Trade and other receivables	436	–	436
Cash and cash equivalents	1,458	154,637	156,095
Total current assets	1,894	154,637	156,531
TOTAL ASSETS	229,538	154,637	156,531
Current liabilities			
Trade and other payables	(91)	–	(91)
Total current liabilities	(91)	–	(91)
TOTAL LIABILITIES	(91)	–	(91)
NET ASSETS	229,447	154,637	384,084
Pro forma number of shares in issue	206,780,952	158,244,920	
Pro forma net asset value per share	110.96 pence	97.7 pence	

4. No account has been taken of the financial performance of the Company since 30 September 2011, nor of any other event save as disclosed above.

5. The assets of the Company include £100 of Core Assets.

Had the Conversion of the Company into a Protected Cell Company and the Firm Placing and Placing and Open Offer been undertaken on 1 April 2011, the commencement of the Company's last interim financial statements, the earnings of the Company would have been enhanced by the interest received on the net proceeds of the Firm Placing and Placing and Open Offer received by the Company on an after-tax basis. However, this does not mean that the future earnings of the Company will necessarily match, exceed or fall short of its historical published earnings.

BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Better Capital Limited
Heritage Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey
GY1 4HY

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

19 December 2011

Dear Sirs

Better Capital Limited (the "Company")

Pro forma financial information

We report on the unaudited pro forma statement of net assets (the "Pro Forma Financial Information") set out in Part 10 of the prospectus dated 19 December 2011 (the "Prospectus") which has been prepared on the basis described, for illustrative purposes only, to provide information about how the conversion of the Company into a protected cell company, proposed firm placing and placing and open offer of shares in a second cell of the Company (the "2012 Cell") and proposed admission of the shares in the 2012 Cell to listing on the Official List of the Financial Services Authority and to trading on London Stock Exchange plc's main market for listed securities might have affected the financial information presented on the basis of accounting policies adopted by the Company in preparing the financial statements for the period ended 30 September 2011.

This report is required by item 20.2 of Annex I of the Commission Regulation (EC) No. 809/2004 (the "PD Regulation") and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

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

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

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

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Part 11:

Historical Financial Information relating to Fund I

1. BECAP FUND LP AUDITED FINANCIAL STATEMENTS FOR THE PERIOD 23 NOVEMBER 2009 TO 31 MARCH 2011

Report of the General Partner

The General Partner hereby submits the annual report and audited financial statements of the Partnership for the period 23 November 2009 to 31 March 2011.

Principal activity

The Partnership was established on 23 November 2009 and registered in Guernsey on 25 November 2009 under The Limited Partnerships (Guernsey) Law, 1995 and is governed under the terms of the Amended and Restated Limited Partnership Agreement dated 14 December 2009, as amended by the Amendment Agreement dated 13 July 2010.

The principal activity of the Partnership is to generate total attractive returns through an investment policy of investing in a portfolio of distressed businesses, such returns being expected through capital growth.

Results

The results for the period 23 November 2009 to 31 March 2011 are set out in the Statement of Operations.

Auditor

The Auditor, BDO Limited, has indicated its willingness to continue in office.

General Partner's Responsibilities

The General Partner is required by The Limited Partnerships (Guernsey) Law, 1995 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent;

(c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business;

(d) state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The General Partner confirms that it has complied with the above requirements in preparing the financial statements.

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure that the financial statements have been properly prepared in accordance with The Limited Partnerships (Guernsey) Law, 1995.

The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LAURENCE MCNAIRN

Director Date: 26 September 2011

MARK HUNTLEY

Director Date: 26 September 2011

For and on behalf of

BECAP GP Limited acting in its capacity as general partner to
BECAP GP LP acting in its capacity as general partner to
BECAP Fund LP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF BECAP FUND L.P.

We have audited the financial statements of BECAP Fund LP for the period ended 31 March 2011 which comprise the Balance Sheet, the Condensed Schedule of Private Equity Investments, the Statement of Operations, the Statements of Changes in Partnership Capital, Statement of Cashflows and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

This report is made solely to the limited partnership's partners, as a body, in accordance with Section 18 of the Limited Partnerships (Guernsey) Law, 1995. Our audit work is undertaken so that we might state to the limited partnership's partners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited partnership and the limited partnership's partners as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the general partner and auditor

As explained more fully in the General Partner's Responsibilities Statement within the General Partner's Report, the general partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the general partner; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the General Partner' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the limited partnership's affairs as at 31 March 2011 and of its profit for the period from 23 November 2009 to 31 March 2011;
- have been properly prepared in accordance with US GAAP; and
- have been properly prepared in accordance with the requirements of the Limited Partnerships (Guernsey) Law, 1995.

BDO LIMITED
CHARTERED ACCOUNTANTS

Place du Pré, Rue du Pré, St Peter Port, Guernsey

Date: 26 September 2011

BALANCE SHEET *as at 31 March 2011*

	£
ASSETS:	
Private equity investments at fair value, (cost £77,734,867)	83,514,531
Cash and cash equivalents	108,230,845
Short term deposits	15,286,894
Other assets	2,869,993
Total assets	209,902,263
LIABILITIES AND PARTNERS' CAPITAL:	
Liabilities:	
Payables	1,003,691
Total liabilities	1,003,691
Partners' capital:	
Total partners' capital	208,898,572
Total liabilities and partners' capital	209,902,263

The financial statements were approved and authorised for issue by the Board of Directors of BECAP GP Limited, acting in its capacity as general partner to BECAP GP LP as general partner of BECAP Fund LP, and signed on their behalf by:

LAURENCE MCNAIRN
Director

MARK HUNTLEY
Director

Date: 26 September 2011

CONDENSED SCHEDULE OF PRIVATE EQUITY INVESTMENTS *as at 31 March 2011*

	Cost	Fair Value	Unfunded Commitment	Private Equity Exposure
	£	£	£	£
Private equity investments				
Controlled Investments	77,734,867	83,514,531	2,779,451	80,514,318

	Cost	Fair Value
	£	£
Private equity investments in excess of 5% of net asset value		
Gardner Group	20,748,604	34,237,944
Readers Digest	12,975,858	13,458,434
Calyx	21,750,000	21,112,183
Santia	15,000,000	14,689,315

		Fair Value
		£
Geographic diversity of private equity investments		
United Kingdom & Ireland	100%	83,514,531

		Fair Value
		£
Industry diversity of private equity investments		
Aerospace	41.0%	34,237,944
Direct Marketing	16.1%	13,458,433
Information Technology Services	25.3%	21,112,183
Professional Services	17.6%	14,689,315

		Fair Value
		£
Asset class diversification of private equity investments		
Distressed	100%	83,514,531

STATEMENT OF OPERATIONS *for the period 23 November 2009 to 31 March 2011*

	£
Income	
Investment income	4,903,237
Other income	247
Expenses	
Administration fees	264,231
Legal and professional fees	211,715
Aborted deal expenses	176,515
General Partner expenses	91,257
Bank charges	42,994
Other fees and expenses	40,786
Audit fees	15,000
Net income	4,060,986
General Partner's share	(3,642,173)
Net change in unrealised appreciation of investments	5,779,664
Net increase in net assets from operations	6,198,477

STATEMENT OF CHANGES IN PARTNERSHIP CAPITAL *for the period 23 November 2009 to 31 March 2011*

	Special Limited Partner £	Limited Partner £	Total £
Partnership Capital at 23 November 2009	–	–	–
Capital contributions	5,095	20,380	25,475
Loan contributions	–	203,779,620	203,779,620
Income distributions to partners	–	(1,105,000)	(1,105,000)
Net increase in net assets from operations.	–	6,198,477	6,198,477
Partnership Capital at 31 March 2011	5,095	208,893,477	208,898,572

STATEMENT OF CASH FLOWS *for the period 23 November 2009 to 31 March 2011*

	£
Cash flows from operating activities	
Purchases of private equity investments	(77,734,867)
Net increase in net assets resulting from operations	9,840,650
Adjustments to reconcile net increase in net assets resulting from operations to cash and cash equivalents provided by (used in) operating activities:	
Net change in unrealised appreciation of investments	(5,779,664)
Change in other assets	(2,869,993)
Change in payables	1,003,691
Change in payable to General Partner	(3,642,173)
Net cash used in operating activities	(79,182,356)
Cash flows from investment activities	
Increase in short term deposits	(15,286,894)
Net cash used in investment activities	(15,286,894)
Cash flows from financing activities	
Proceeds from drawdown of partners' capital	203,805,095
Income distributions	(1,105,000)
Net cash provided by financing activities	202,700,095
Net increase in cash and cash equivalents during the period	108,230,845
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	108,230,845

1. Organisation

BECAP Fund LP (the "Partnership") is a limited partnership established on 23 November 2009 and registered in Guernsey on 25 November 2009 under The Limited Partnerships (Guernsey) Law, 1995, with registration number 1242. The Partnership is registered with the Guernsey Financial Services Commission as a Registered Closed-ended Collective Investment Scheme. The Partnership's registered office is Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY.

The Partnership is governed under the terms of the Amended and Restated Limited Partnership Agreement dated 14 December 2009, as amended by the Amendment Agreement dated 13 July 2010 (the "Partnership Agreement"). The Partnership consists of one limited partner, Better Capital Limited (the "Limited Partner"), and one special limited partner, Better Capital SLP LP (the "SLP"). The Partnership is managed by its general partner BECAP GP LP (the "General Partner"), which is in turn managed by its general partner BECAP GP Limited, under the terms of the Partnership Agreement. Pursuant to clause 3.2 of the Partnership Agreement, no further limited partners may be admitted to the Partnership.

The Limited Partner is a company registered in Guernsey with the Guernsey Financial Services Commission as a Registered Closed-ended Collective Investment Scheme.

The Limited Partner was initially listed on the London Stock Exchange Alternative Investment Market (the "AIM") on 17 December 2009. Capital proceeds of £142.4 million were raised from this initial placing and, after payment of share issue costs and retaining amounts for working capital, £138.0 million was invested in the Partnership.

In June 2010, the Limited Partner completed an additional fundraising, raising an additional £67.6 million of capital proceeds and bringing the total capital raised to £210.0 million (the "Placing Proceeds"). After payment of share issue costs, the total invested in the Partnership was increased to £203.8 million.

In July 2010, the enlarged share capital of the Limited Partner was admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market.

The Partnership shall continue until expiry on the 17 December 2017, unless the General Partner enforces its discretion to extend the term, with prior Company Consent (from the Limited Partner), for up to two additional one-year periods.

The investment objective of the Partnership is to generate total attractive returns through an investment policy of investing in a portfolio of distressed businesses, such returns being expected through capital growth.

2. Summary of significant accounting policies

Basis of preparation

These financial statements for the period ended 31 March 2011 have been prepared in accordance with and in conformity with accounting principles generally accepted in the United States of America ("US GAAP"), and are in compliance with The Limited Partnerships (Guernsey) Law, 1995.

Revised standards and interpretations have become effective during this accounting period but have not had a significant impact on presentation or disclosure in these financial statements. At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective:

New standards	**Effective for periods beginning on or after**
2011-04 Fair Value Measurement (Topic 820)	15 December 2011

Foreign currencies

The functional currency of the Partnership is Sterling reflecting the primary economic environment in which the Partnership operates.

The presentation currency for financial reporting purposes is Sterling.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Valuation of investments

The Partnership carries private equity investments on its books at fair value in accordance with US GAAP and International Private Equity and Venture Capital Valuation Guidelines. The Partnership uses the best information reasonably available to determine or estimate fair value. Estimations of fair value for private interests are carried at such fair value as the General Partner considers appropriate given the performance of each investee company and after taking account of the effect of dilution, the exercise of ratchets, options or other incentive schemes. Methodologies used in arriving at the fair value include prices of recent investment, earnings multiples, net assets, discounted cash flows analysis and industry valuation benchmarks.

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820) – Improvements to Disclosures about Fair Value Measurements, which requires additional disclosures about fair value measurements including transfers in and out of Levels 1 and 2 and a higher disaggregation for the different types of financial instruments. For the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements should be presented separately. This guidance has been adopted in these financial statements.

Because of their inherent uncertainty, the fair values used may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material to the financial statements.

Private equity investments

Private equity investments are recorded at fair value on the balance sheet and are not subject to consolidation in accordance with ASC 946, *Financial Services – Investment Companies*.

Market risk

The Partnership's exposure to financial risks is both direct (through its holdings of assets and liabilities directly subject to these risks) and indirect (through the impact of these risks on the overall valuation of its investments). The Partnership's investments are generally not traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The underlying subsidiary investments of the Partnership each hold investments in underlying companies. These portfolio company investments vary as to industry sector, level of distress, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to market price risk.

Investment income

The Partnership earns interest and dividends from our direct investments in private equity and from our cash and cash equivalents. Dividends are recorded when they are declared and interest on an accruals basis, provided the information is known or a reliable estimate can be made. Otherwise, investment income is recorded when it is reported to the Partnership by the private equity investments.

Operating expenses

Operating expenses are recognised on an accruals basis.

Realised gains and losses on investments

For private equity investments, the Partnership records realised gains and losses when the asset is realised and on the trade date. Realised gains and losses are recorded on a specific identification cost basis.

Net change in unrealised appreciation and depreciation of investments

Gains and losses arising from changes in value are recorded as an increase or decrease in the unrealised appreciation or depreciation of investments based on the methodology described above.

Carried interest

Carried interest amounts due to the special limited partner are computed and accrued at each period end based on period-to-date results in accordance with the terms of the Partnership Agreement.

Taxation

The Partnership is exempt from Guernsey tax on all income. These financial statements do not incorporate any charge or liability for taxation on the results of the Partnership, as the relevant income tax is the responsibility of the individual Partners.

Going concern

After making appropriate enquiries, the General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for at least the next 12 months and therefore do not consider there to be any threat to the going concern status of the Partnership. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Use of estimates

The preparation of the financial statements in conformity with US GAAP requires the General Partner to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the inherent uncertainty of such estimates, including estimates of values of investments as described above, amounts ultimately determined may differ from our current estimates and such differences may be significant.

3. Allocation of profits and distributions

Allocations of profits and losses

Realised and unrealised profits of the Partnership are allocated amongst the partners, and credited to their respective capital accounts, in a manner consistent with the manner in which distributions are made to the partners in the relevant period pursuant to clause 14 of the Partnership Agreement.

Realised and unrealised losses of the Partnership are allocated amongst the partners, and debited to their respective capital accounts, in proportion to their respective capital contributions but not so that any limited partner (including the SLP for this purpose) shall be liable beyond the extent of his capital contribution.

Pursuant to clause 13.4 of the Partnership agreement, in satisfaction of each partner's allocation of profits or losses, the General Partner may, in its absolute discretion, allocate any specific items of any realised or unrealised profits or losses, amongst the partners in such manner as it may deem appropriate.

Distribution of investment proceeds

Proceeds from any portfolio investment shall be allocated to the partners according to the following order of priority as summarised from clause 14 of the Partnership Agreement:

(i) First, to the General Partner until the General Partner has received distributions that satisfy the requirements of the General Partner's Share, as stated below.

(ii) Second, to the extent of any excess, to the Limited Partner until the sum of the NAV and all amounts notified to the General Partner by the Limited Partner as having been distributed by the Limited Partner to its shareholders (including tax credits and withholdings) is equal to 135 per cent. of the Placing Proceeds;

(iii) Third, to the extent of any excess, equally to the Limited Partner and the SLP until the SLP has received an amount equal to 20 per cent. of the excess of the sum of (i) the NAV, (ii) all amounts notified to the General Partner by the Limited Partner as having been distributed by the Limited Partner to its shareholders (including tax credits and withholdings) and (iii) all amounts distributed to the SLP (including, for the avoidance of doubt, any prior distributions pursuant to the Partnership Agreement), over the Placing Proceeds;

(iv) Fourth, to the extent of any excess, 80 per cent. to the Limited Partner and 20 per cent. to the SLP until the SLP has received an amount equal to 20 per cent. of the excess of the sum of (i) the NAV, (ii) all amounts notified to the General Partner by the Limited Partner as having

been distributed by the Limited Partner to its shareholders (including tax credits and withholdings) and (iii) all amounts distributed to the SLP (including, for the avoidance of doubt, any prior distributions pursuant to the Partnership Agreement), over the Placing Proceeds;

(v) Fifth, to the extent of any excess, 100 per cent. to the Limited Partner.

Pursuant to the powers granted to the General Partner under clause 13.4 of the Partnership Agreement mentioned above, the General Partner resolved to treat distributions, totalling £1,105,000, as a debit against the Limited Partner's income distribution.

4. Related party transactions

Administration

Heritage International Fund Managers Limited (the "Administrator") has been appointed to provide day to day administration and secretarial services to the Partnership as set out in the Administration Agreement. In consideration for its services the Administrator receives an annual fee based on a time spent basis (subject to a minimum of £50,000), for administration and secretarial services.

The Partnership shall also reimburse the Administrator for incurred out of pocket expenses. The Administration Agreement is terminable by either party giving not less than 90 days' notice in writing and in certain other circumstances, including material breach of the terms of the agreement by either party.

During the period, the Partnership incurred administration fees of £264,231, of which £47,348 remained outstanding as at the period end.

General Partner's share

In accordance with the Partnership Agreement, the General Partner is entitled to receive payment quarterly in advance of a General Partner's share. This amount is calculated, in the period from the Drawdown Date to the end of the investment period, as an amount equal to the sum of:

(a) Two per cent. per annum on the first £100 million of Placing Proceeds; and

(b) One per cent. per annum on the remaining amount of Placing Proceeds in excess of £100 million; and

In the period from the end of the Investment Period until the dissolution of the Partnership, an amount equal to the sum of:

(a) Two per cent. per annum on the first £100 million of the cumulative Acquisition Cost of Investments which have not been realised (adjusted downwards to reflect any write down in such Acquisition Cost by the General Partner); and

(b) One per cent. per annum on the remaining amount of the cumulative Acquisition Cost of Investments which have not been realised in excess of £100 million (adjusted downwards to reflect any write down in such Acquisition Cost by the General Partner).

The General Partner's Share shall rank as a first charge on or against any surplus of capital gains over capital losses in the relative accounting period. Any surplus of capital gains over capital losses that shall exceed the General Partner's Share, the General Partner may elect which items comprising the surplus form the whole or part of the surplus allocated to the General Partner. Where the surplus of capital gains over capital losses is less than the General Partner's Share allocation the General Partner will be allocated a first charge on or against any net income in the accounting period until the General Partner's Share is satisfied.

Where net income and surplus of capital gains over capital losses in any accounting period is less than the General Partner's Share allocation, the General Partner will receive an interest-free loan from the Fund. In no circumstances shall the loan be recoverable from the General Partner other than by an allocation of net income or surplus of capital gains over capital losses.

During the period the Fund transferred £3,642,173 in respect of the General Partner's Share. The General Partner's Share is an allocation of profits of the Fund. Where profits are insufficient to meet the allocation in full, payment is made via a loan on the basis that there is no recourse for repayment by the General Partner.

Carried interest

The SLP, as a special limited partner of the Partnership, is entitled to receive carried interest in accordance with the Partnership Agreement. The General Partner is obliged to distribute Income Proceeds and Capital Proceeds following an order of priority as is shown above in Note 3.

No amounts for carried interest due were accrued at the end of the period.

General Partner

Mr Mark Huntley and Mr Laurence McNairn are both directors of BECAP GP Limited, as general partner of the General Partner, and are also directors of Heritage International Fund Managers Limited, which acts as Administrator to the Partnership.

Mr Jon Moulton is the sole shareholder of and a director of BECAP GP Limited. Mr Moulton is also a significant shareholder in the Limited Partner, holding 19,523,809 shares as of the date of these financial statements.

5. Fair Value of Financial Instruments

The Partnership categorises its investments and other financial instruments as follows based on inputs to valuation techniques:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; and,
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and,
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The following table details the Partnership's financial assets and liabilities that were accounted for at fair value as of 31 March 2011 by level. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets at Fair Value as of 31 March 2011			
	Level 1 £	Level 2 £	Level 3 £	Total £
Cash and cash equivalents	108,230,845	–	–	108,230,845
Short term deposits	15,286,894	–	–	15,286,894
Private equity investments	–	–	83,514,531	83,514,531
Total assets accounted for at fair value	123,517,739	–	83,514,531	207,032,270

As of 31 March 2011, the General Partner has assessed the position and concluded that all Partnership private equity investments are classified as level 3.

Short term deposits comprise of cash deposited with Abbey National on a 120 day notice account. As at 31 March 2011 the interest rate was two per cent.

The following table summarises the changes in the fair value of the Partnership's level 3 investments during the period:

	Distressed £	Private Equity Investments £
Balance, 23 November 2009	–	–
Purchases of investments	77,734,867	77,734,867
Net change in unrealised appreciation of investments	5,779,664	5,779,664
Balance, 31 March 2011	83,514,531	83,514,531

6. Financial Highlights

	For the period ended 31 March 2011
Net investment income (loss) and expense ratios (based on weighted average net assets)	
Total Return:	4.944%
Net investment income (loss)	2.040%
Expense ratios:	
Expenses before interest and carried interest	0.423%
Interest expense	0.000%
Carried interest	0.000%
Total	0.423%

The total return is arrived at by dividing the net increase in net assets from operations by the other remaining partnership capital as at 31 March 2011.

Net investment income (loss) is the Limited Partner's share of interest and investment income earned net of Partnership expenses. Partnership expenses do not include the expenses of its underlying private equity investments.

7. Commitments and Contingencies

The Partners' capital and loan commitments were fully drawn down as at the period end date.

	31 March 2011
Capital commitments	
Total capital commitments:	203,805,095
Ratio of total contributed capital to total committed capital:	1:1

As at the 31 March 2011, the Partnership had unfunded commitments in private equity investments of £2,779,451.

In the normal course of business, the Partnership and its subsidiaries enter into a variety of undertakings containing a variety of warranties and indemnifications that may expose the Partnership or its subsidiaries to some risk of loss. The amount of future loss, arising from such undertakings, while not quantifiable, is not expected to be significant.

8. Subsequent Events

In May 2011 the Partnership granted portfolio company BECAP Gardner 1 Limited a revolver loan facility for a total amount of £8 million. Simultaneously, £7 million of existing short term finance provided to Gardner Group Limited was refinanced via BECAP Gardner 1 Limited.

In May 2011 the Partnership had returned £3.5 million in excess commitment that had been invested into portfolio company BECAP SPV 4 Limited.

In May 2011 the Partnership invested an additional £6 million of loans into the Calyx Software investee company in order to facilitate two strategic bolt-on acquisitions.

Throughout June and July 2011 additional funding was extended to the Readers Digest structure. A total of £5 million was invested, split between group portfolio companies Direct Midco Limited (£2 million) and BECAP Vivat Limited (£3 million). The total commitment in Readers Digest was increased from £15 million to £23 million in this process with a £5 million commitment remaining unfunded at that time.

In July 2011 the Partnership invested £21 million into portfolio company BECAP SPV 5 Limited in relation to the acquisition of the issued share capital of DigiPoS Store Solutions Holdings Limited, which in turn owns and controls the wider DigiPoS trading group.

In July 2011 the Partnership invested £15 million into newly incorporated portfolio company BECAP SPV 7 Limited in relation to an acquisition of a majority stake in Macsco 30 Limited, a company set up solely for the purpose of acquiring 100 per cent. of the share capital of Fairline Boat Acquisitions Limited and its subsidiaries.

In July 2011 the Partnership invested £32 million into a newly incorporated wholly owned holding company in relation to an agreement to acquire the UK &Irish business of Spicers, a pan-European supplier of stationery and office products, which at the date of these financial statements was a subsidiary of DS Smith Plc, from Unipapel SA. The agreement was conditional upon the proposed disposal of Spicers by DS Smith Plc to Unipapel SA being completed.

In September 2011 the Partnership invested £10.5 million into newly incorporated portfolio company Enigmatic Investments Limited in order to finance a potential acquisition by Enigmatic Investments Limited of an AIM listed business.

In September 2011 the Partnership invested an additional £2 million in the Readers Digest business, via BECAP Vivat Limited, reducing unfunded commitments for this investment to £3 million at that time.

2. BECAP FUND LP UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER

INDEPENDENT REVIEW REPORT TO BECAP FUND LP

Introduction

We have been engaged by the Limited Partnership to review the condensed set of financial statements in the interim financial report for the period ended 30 September 2011 which comprises the condensed balance sheet, condensed schedule of private equity investments, condensed statement of operations, condensed statement of changes in partnership capital, condensed statement of cash flows and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the General Partner.

As disclosed in note 2, the financial statements of the Limited Partnership are prepared in accordance with US GAAP. The condensed set of financial statements included in this interim financial report have been prepared in accordance with US GAAP for interim financial reporting (primarily ASC 270 "Interim Reporting").

Our responsibility

Our responsibility is to express to the Limited Partnership a conclusion on the condensed set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for, and only for, the Limited Partnership. We do not in producing this report accept or assume responsibility for any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements for the period ended 30 September 2011 is not prepared, in all material respects, in accordance with US GAAP for interim financial reporting.

BDO Limited
Chartered Accountants

Place du Pré, Rue du Pré, St Peter Port, Guernsey

3 November 2011

CONDENSED UNAUDITED BALANCE SHEET

As at 30 September 2011

	£
ASSETS:	
Private equity investments at fair value, (Cost £141,905,483)	164,254,890
Cash and cash equivalents	26,012,829
Other assets	37,890,206
Total assets	228,157,925
LIABILITIES AND PARTNERS' CAPITAL:	
Liabilities:	
Payables	508,427
Total liabilities	508,427
Partners' capital:	
Total partners' capital	227,649,498
Total liabilities and partners' capital	228,157,925

The financial statements were approved and authorised for issue by the Board of Directors of BECAP GP Limited, acting in its capacity as general partner to BECAP GP LP as general partner of BECAP Fund LP, and signed on its behalf by:

Laurence McNairn
Director

Mark Huntley
Director

Date: 3 November 2011

CONDENSED UNAUDITED SCHEDULE OF PRIVATE EQUITY INVESTMENTS

As at 30 September 2011

	Cost	Fair Value	Unfunded Commitment	Private Equity Exposure
	£	£	£	£
Controlled Investments	141,905,483	164,254,890	48,908,833	190,814,316

	Cost	Fair Value
	£	£
Private equity investments in excess of 5% of net asset value		
Gardner Group	36,141,161	53,846,221
Reader's Digest	20,000,000	15,526,650
Calyx	27,750,000	32,289,983
Santia	11,500,000	16,556,476
DigiPos	21,000,000	20,746,841
Fairline	15,000,000	14,984,121
Other (less than 5% of net asset value)	10,514,322	10,304,598

		Fair Value
		£
Geographic diversity of private equity investments		
United Kingdom & Ireland	100%	164,254,890

		Fair Value
		£
Industry diversity of private equity investments		
Aerospace	32.9%	53,846,221
Direct Marketing	9.5%	15,526,650
Information Technology Services	38.5%	63,376,458
Professional Services	10.1%	16,556,476
Manufacturing	9.0%	14,984,121

		Fair Value
		£
Asset class diversification of private equity investments		
Distressed	100%	164,254,890

CONDENSED UNAUDITED STATEMENT OF OPERATIONS

For the period 1 April 2011 to 30 September 2011

	£
Income	
Investment income	4,486,361
Other income	–
Expenses	
Administration fees	101,664
Legal and professional fees	24,485
Aborted deal expenses	9,531
General Partner expenses	45,248
Bank charges	688
Other fees and expenses	6,062
Audit fees	7,500
Net income	4,291,183
General Partner's share	(1,550,000)
Net change in unrealised appreciation of investments	16,569,743
Net increase in net assets from operations	19,310,926

CONDENSED UNAUDITED STATEMENT OF CHANGES IN PARTNERSHIP CAPITAL

For the period 1 April 2011 to 30 September 2011

	Special Limited Partner £	Limited Partner £	Total £
Partnership Capital at 1 April 2011	5,095	208,893,477	208,898,572
Income distributions to partners	–	(560,000)	(560,000)
Net increase in net assets from operations	–	19,310,926	19,310,926
Partnership Capital at 30 September 2011	5,095	227,644,403	227,649,498

CONDENSED UNAUDITED STATEMENT OF CASH FLOWS

For the period 1 April 2011 to 30 September 2011

	£
Cash flows from operating activities	
Purchases of private equity investments	(64,170,614)
Net increase in net assets resulting from operations	20,860,926
Adjustments to reconcile net increase in net assets resulting from operations to cash and cash equivalents used in operating activities:	
Net change in unrealised appreciation of investments	(16,569,743)
Change in other assets	(35,020,213)
Change in payables	(495,266)
Change in payable to General Partner	(1,550,000)
Net cash used in operating activities	(96,944,910)
Cash flows from investing activities	
Decrease in short-term deposits	15,286,894
Net cash provided by investing activities	15,286,894
Cash flows from financing activities	
Income distributions	(560,000)
Net cash used in financing activities	(560,000)
Net decrease in cash and cash equivalents during the period	(82,218,016)
Cash and cash equivalents at the beginning of the period	108,230,845
Cash and cash equivalents at the end of the period	26,012,829

1. Organisation

BECAP Fund LP (the "Partnership") is a limited partnership established on 23 November 2009 and registered in Guernsey on 25 November 2009 under The Limited Partnerships (Guernsey) Law, 1995, with registration number 1242. The Partnership is registered with the Guernsey Financial Services Commission as a Registered Closed-ended Collective Investment Scheme. The Partnership's registered office is Heritage Hall, Le Marchant Street, St Peter Port, Guernsey GY1 4HY.

The Partnership is governed under the terms of the Amended and Restated Limited Partnership Agreement dated 14 December 2009, as amended by the Amendment Agreement dated 13 July 2010 (the "Partnership Agreement"). The Partnership consists of one limited partner, Better Capital Limited (the "Limited Partner"), and one special limited partner, Better Capital SLP LP (the "SLP"). The Partnership is managed by its general partner BECAP GP LP (the "General Partner"), which is in turn managed by its general partner BECAP GP Limited, under the terms of the Partnership Agreement. Pursuant to clause 3.2 of the Partnership Agreement, no further limited partners may be admitted to the Partnership.

The Limited Partner is a company registered in Guernsey with the Guernsey Financial Services Commission as a Registered Closed-ended Collective Investment Scheme.

The Partnership shall continue until expiry on the 17 December 2017, unless the General Partner enforces its discretion to extend the term, with prior Company Consent (from the Limited Partner), for up to two additional one-year periods.

The investment objective of the Partnership is to generate total attractive returns through an investment policy of investing in a portfolio of distressed businesses, such returns being expected through capital growth.

2. Summary of significant accounting policies

Basis of preparation

These financial statements for the period ended 30 September 2011 have been prepared in accordance with and in conformity with accounting principles generally accepted in the United States of America ("US GAAP") for interim reporting (primarily FASB ASU 270 "Interim Reporting"), and are in compliance with The Limited Partnerships (Guernsey) Law, 1995.

Revised standards and interpretations have become effective during this accounting period but have not had a significant impact on presentation or disclosure in these financial statements. At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were issued but not yet effective:

New standards	**Effective for periods beginning on or after**
2011-04 Fair Value Measurement (Topic 820)	15 December 2011

Foreign currencies

The functional currency of the Partnership is Sterling reflecting the primary economic environment in which the Partnership operates.

The presentation currency for financial reporting purposes is Sterling.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Valuation of investments

The Partnership carries private equity investments on its books at fair value in accordance with US GAAP and International Private Equity and Venture Capital Valuation Guidelines. The Partnership uses the best information reasonably available to determine or estimate fair value. Estimations of fair value for private interests are carried at such fair value as the General Partner considers appropriate given the performance of each investee company and after taking account of the effect of dilution, the exercise of ratchets, options or other incentive schemes. Methodologies used in arriving at the fair value

include prices of recent investment, earnings multiples, net assets, discounted cash flows analysis and industry valuation benchmarks.

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820) – Improvements to Disclosures about Fair Value Measurements, which requires additional disclosures about fair value measurements including transfers in and out of Levels 1 and 2 and a higher disaggregation for the different types of financial instruments. For the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements should be presented separately. This guidance has been adopted in these financial statements.

Because of their inherent uncertainty, the fair values used may differ significantly from the values that would have been used had a ready market for these investments existed, and such differences could be material to the financial statements.

Private equity investments

Private equity investments are recorded at fair value on the balance sheet and are not subject to consolidation in accordance with ASC 946, *Financial Services – Investment Companies*.

Market risk

The Partnership's exposure to financial risks is both direct (through its holdings of assets and liabilities directly subject to these risks) and indirect (through the impact of these risks on the overall valuation of its investments). The Partnership's investments are generally not traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The underlying subsidiary investments of the Partnership each hold investments in underlying companies. These portfolio company investments vary as to industry sector, level of distress, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to market price risk.

Investment income

The Partnership earns interest and dividends from our direct investments in private equity and from our cash and cash equivalents. Dividends are recorded when they are declared and interest on an accruals basis, provided the information is known or a reliable estimate can be made. Otherwise, investment income is recorded when it is reported to the Partnership by the private equity investments.

Operating expenses

Operating expenses are recognised on an accruals basis.

Realised gains and losses on investments

For private equity investments, the Partnership records realised gains and losses when the asset is realised and on the trade date. Realised gains and losses are recorded on a specific identification cost basis.

Net change in unrealised appreciation and depreciation of investments

Gains and losses arising from changes in value are recorded as an increase or decrease in the unrealised appreciation or depreciation of investments based on the methodology described above.

Carried interest

Carried interest amounts due to the special limited partner are computed and accrued at each period end based on period-to-date results in accordance with the terms of the Partnership Agreement.

Taxation

The Partnership is exempt from Guernsey tax on all income. These financial statements do not incorporate any charge or liability for taxation on the results of the Partnership, as the relevant income tax is the responsibility of the individual Partners.

Going concern

After making appropriate enquiries, the General Partner has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for at least the next 12 months and therefore do not consider there to be any threat to the going concern status of the Partnership. For this reason, they continue to adopt the going concern basis in preparing these interim financial statements.

Use of estimates

The preparation of the financial statements in conformity with US GAAP requires the General Partner to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the inherent uncertainty of such estimates, including estimates of values of investments as described above, amounts ultimately determined may differ from our current estimates and such differences may be significant.

3. Allocation of profits and distributions

Allocations of profits and losses

Realised and unrealised profits of the Partnership are allocated amongst the partners, and credited to their respective capital accounts, in a manner consistent with the manner in which distributions are made to the partners in the relevant period pursuant to clause 14 of the Partnership Agreement.

Realised and unrealised losses of the Partnership are allocated amongst the partners, and debited to their respective capital accounts, in proportion to their respective capital contributions but not so that any limited partner (including the SLP for this purpose) shall be liable beyond the extent of his capital contribution.

Pursuant to clause 13.4 of the Partnership agreement, in satisfaction of each partner's allocation of profits or losses, the General Partner may, in its absolute discretion, allocate any specific items of any realised or unrealised profits or losses, amongst the partners in such manner as it may deem appropriate.

Distribution of investment proceeds

Proceeds from any portfolio investment shall be allocated to the partners according to the following order of priority as summarised from clause 14 of the Partnership Agreement:

(i) First, to the General Partner until the General Partner has received distributions that satisfy the requirements of the General Partner's Share, as stated below.

(ii) Second, to the extent of any excess, to the Limited Partner until the sum of the NAV and all amounts notified to the General Partner by the Limited Partner as having been distributed by the Limited Partner to its shareholders (including tax credits and withholdings) is equal to 135 per cent. of the Placing Proceeds;

(iii) Third, to the extent of any excess, equally to the Limited Partner and the SLP until the SLP has received an amount equal to 20 per cent. of the excess of the sum of (i) the NAV, (ii) all amounts notified to the General Partner by the Limited Partner as having been distributed by the Limited Partner to its shareholders (including tax credits and withholdings) and (iii) all amounts distributed to the SLP (including, for the avoidance of doubt, any prior distributions pursuant to the Partnership Agreement), over the Placing Proceeds;

(iv) Fourth, to the extent of any excess, 80 per cent. to the Limited Partner and 20 per cent. to the SLP until the SLP has received an amount equal to 20 per cent. of the excess of the sum of (i) the NAV, (ii) all amounts notified to the General Partner by the Limited Partner as having been distributed by the Limited Partner to its shareholders (including tax credits and withholdings) and (iii) all amounts distributed to the SLP (including, for the avoidance of doubt, any prior distributions pursuant to the Partnership Agreement), over the Placing Proceeds;

(v) Fifth, to the extent of any excess, 100 per cent. to the Limited Partner.

Pursuant to the powers granted to the General Partner under clause 13.4 of the Partnership Agreement mentioned above, the General Partner resolved to treat distributions made in the period, totalling £560,000, as a debit against the Limited Partner's capital account as an income distribution.

4. Related party transactions

Administration

Heritage International Fund Managers Limited (the "Administrator") has been appointed to provide day to day administration and secretarial services to the Partnership as set out in the Administration Agreement. In consideration for its services the Administrator receives an annual fee based on a time spent basis (subject to a minimum of £50,000), for administration and secretarial services.

The Partnership shall also reimburse the Administrator for incurred out of pocket expenses. The Administration Agreement is terminable by either party giving not less than 90 days' notice in writing and in certain other circumstances, including material breach of the terms of the agreement by either party.

During the period, the Partnership incurred administration fees of £101,664, of which £50,716 remained outstanding as at the period end.

General Partner's share

In accordance with the Partnership Agreement, the General Partner is entitled to receive payment quarterly in advance of a General Partner's share. This amount is calculated, in the period from the Drawdown Date to the end of the Fund I Investment Period, as an amount equal to the sum of:

(a) Two per cent. per annum on the first £100 million of Placing Proceeds; and

(b) One per cent. per annum on the remaining amount of Placing Proceeds in excess of £100 million; and

In the period from the end of the Fund I Investment Period until the dissolution of the Partnership, an amount equal to the sum of:

(a) Two per cent. per annum on the first £100 million of the cumulative Acquisition Cost of Investments which have not been realised (adjusted downwards to reflect any write down in such Acquisition Cost by the General Partner); and

(b) One per cent. per annum on the remaining amount of the cumulative Acquisition Cost of Investments which have not been realised in excess of £100 million (adjusted downwards to reflect any write down in such Acquisition Cost by the General Partner).

The General Partner's Share shall rank as a first charge on or against any surplus of capital gains over capital losses in the relative accounting period. Any surplus of capital gains over capital losses that shall exceed the General Partner's Share, the General Partner may elect which items comprising the surplus form the whole or part of the surplus allocated to the General Partner. Where the surplus of capital gains over capital losses is less than the General Partner's Share allocation the General Partner will be allocated a first charge on or against any net income in the accounting period until the General Partner's Share is satisfied.

Where net income and surplus of capital gains over capital losses in any accounting period is less than the General Partner's Share allocation, the General Partner will receive an interest-free loan from the Fund. In no circumstances shall the loan be recoverable from the General Partner other than by an allocation of net income or surplus of capital gains over capital losses.

During the period the Fund transferred £1,550,000 in respect of the General Partner's Share. The General Partner's Share is an allocation of profits of the Fund. Where profits are insufficient to meet the allocation in full, payment is made via a loan on the basis that there is no recourse for repayment by the General Partner.

Carried interest

The SLP, as a special limited partner of the Partnership, is entitled to receive carried interest in accordance with the Partnership Agreement. The General Partner is obliged to distribute Income Proceeds and Capital Proceeds following an order of priority as is shown above in Note 3.

No amounts for carried interest due were accrued at the end of the period.

General Partner

Mr Mark Huntley and Mr Laurence McNairn are both directors of BECAP GP Limited, as general partner of the General Partner, and are also directors of Heritage International Fund Managers Limited, which acts as Administrator to the Partnership.

Mr Jon Moulton is the sole shareholder of and a director of BECAP GP Limited. Mr Moulton is also a significant shareholder in the Limited Partner, holding 19,523,809 shares as of the date of these interim financial statements.

5. Fair Value of Financial Instruments

The Partnership categorises its investments and other financial instruments as follows based on inputs to valuation techniques:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; and,
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and,
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The following table details the Partnership's financial assets and liabilities that were accounted for at fair value as of 30 September 2011 by level. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets at Fair Value as of 30 September 2011			
	Level 1 £	Level 2 £	Level 3 £	Total £
Cash and cash equivalents	26,012,829	–	–	26,012,829
Spicers Olswang escrow	32,000,000	–	–	32,000,000
Private equity investments	–	–	164,254,890	164,254,890
Total assets accounted for at fair value	58,012,829	–	164,254,890	222,267,719

In relation to the conditional and on-going acquisition of the UK and Irish businesses of Spicers, a pan-European supplier of stationery and office products, the Partnership entered into an escrow agreement with Olswang LLP, the Partnership's legal advisers for that deal. Pursuant to the terms of the escrow agreement, the Partnership has deposited £32.0 million with Olswang LLP, held pending completion of the proposed disposal of Spicers by DS Smith plc to Unipapel SA, which is subject to formal clearances from European merger, works counsel and UK pension regulator. The General Partner has determined that this deposit be classified within level 1. This amount is a significant component of other assets as reported in the Condensed Unaudited Balance Sheet.

The Partnership's wholly-owned special purpose vehicle Enigmatic Investments Limited ("Enigmatic") holds a listed investment which has been held at cost for the purposes of these financial statements. This is due to the ongoing all cash offer made by Enigmatic and there being no active market in the shares. The alternative of adopting IPEV guidelines for listed securities is not felt to be applicable in the current circumstances.

As of 30 September 2011, the General Partner has assessed the position and concluded that all Partnership private equity investments are classified as level 3.

The following table summarises the changes in the fair value of the Partnership's level 3 investments during the period:

	Distressed £	Private Equity Investments £
Balance, 1 April 2011	83,514,531	83,514,531
Purchases of investments	64,170,616	64,170,616
Net change in unrealised appreciation of investments	16,569,743	16,569,743
Balance, 30 September 2011	164,254,890	164,254,890

6. Financial Highlights

	For the period ended 30 September 2011
Net investment income (loss) and expense ratios (based on weighted average net assets)	
Total Return:	9.244%
Net investment income (loss)	1.885%
Expense ratios:	
Expenses before interest and carried interest	0.089%
General Partner's share	0.710%
Interest expense	0.000%
Carried interest	0.000%
Total	0.799%

The total return is arrived at by dividing the net increase in net assets, adjusted to add back income distributions made in the period, from operations by the brought forward partnership capital as at 1 April 2011.

Net investment income (loss) is the Limited Partner's share of interest and investment income earned net of Partnership expenses. Partnership expenses do not include the expenses of its underlying private equity investments.

7. Commitments and Contingencies

The Partners' capital and loan commitments were fully drawn down as at the period end date.

	30 September 2011
Capital commitments	
Total capital commitments:	203,805,095
Ratio of total contributed capital to total committed capital:	1:1

As at 30 September 2011, the Partnership had unfunded commitments in private equity investments of £48,908,833.

In the normal course of business, the Partnership and its subsidiaries enter into a variety of undertakings containing a variety of warranties and indemnifications that may expose the Partnership or its subsidiaries to some risk of loss. The amount of future loss, arising from such undertakings, while not quantifiable, is not expected to be significant.

8. Subsequent Events

On 4 October 2011 the Partnership injected an additional £1.5 million into Santia in order to meet additional working capital requirements. As a result the Partnership has committed £15.0 million into the Santia investment of which £13.0 million had been invested as at the date of these financial statements.

On 2 November 2011 the Partnership provided additional funding to the Reader's Digest portfolio company group, whereby an additional £1.5 million was invested, pursuant to the existing £8 million revolving loan facility. Following this additional funding £21.5 million had been invested with a further £1.5 million remaining as unfunded commitment.

Part 12:
Additional Information

1. RESPONSIBILITY

The Directors, whose names appear on page 37 of this document, 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. All the Directors accept individual and collective responsibility for compliance with the Listing Rules.

2. THE COMPANY

2.1 The Company was incorporated, with an unlimited number of shares of no par value, and registered in Guernsey with registered number 51194 on 24 November 2009 as a non-cellular company limited by shares under the name Better Capital Limited. The Company is regulated by the Commission by virtue of the Company being registered with the Commission as a Registered Closed-ended Collective Investment Scheme.

2.2 The principal legislation under which the Company operates (and under which the Shares have been created) is the Companies Law together with ordinances and regulations made under the Companies Law. The liability of the Company's members is limited.

2.3 The Company is domiciled in Guernsey. The registered office and principal place of business of the Company is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY (telephone number 01481 716000). The address of the Company's corporate website is www.bettercapital.gg.

3. BETTER CAPITAL FUND I

3.1 Fund I is a limited partnership registered in Guernsey with registration number 1242 on 25 November 2009 under the name BECAP Fund LP. Fund I will continue until the expiry of eight years from 21 December 2009 provided, however, that the life of Fund I may be extended by the Fund I GP, with the prior approval of the Company acting in relation to the 2009 Cell, by up to two additional one-year periods.

3.2 The principal legislation under which Fund I operates is The Limited Partnerships (Guernsey) Law, 1995, as amended. Fund I is regulated by the Commission by virtue of Fund I being registered with the Commission as a Registered Closed-ended Collective Investment Scheme.

3.3 Fund I is domiciled in Guernsey. The registered office and principal place of business is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY (telephone number 01481 716000).

4. BETTER CAPITAL FUND II

4.1 Fund II is a limited partnership registered in Guernsey with registration number 1558 on 17 November 2011 under the name BECAP12 Fund LP. Subject to Conversion and Admission, Fund II will continue until the expiry of up to eight years from the date on which Fund II receives the Net Placing Proceeds from the 2012 Cell (which the Company intends to be within five Business Days of Admission) provided, however, that the life of Fund II may be extended by the Fund II GP, with the prior approval of the Company acting through its Directors in relation to the 2012 Cell, by up to two additional one-year periods (or, if the Company acting in relation to the 2012 Cell through its Directors increases its commitment to Fund II pursuant to a Follow-on Fundraising or a parallel vehicle is established as described in paragraph 3 of Part 4, such longer period as the Company acting in relation to the 2012 Cell and the Fund II GP may agree).

4.2 The principal legislation under which Fund II operates is The Limited Partnerships (Guernsey) Law, 1995, as amended. Fund II is regulated by the Commission by virtue of Fund II being registered with the Commission as a Registered Closed-ended Collective Investment Scheme.

4.3 Fund II is domiciled in Guernsey. The registered office and principal place of business is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY (telephone number 01481 716000).

5. SUBSIDIARIES

5.1 The Company has no subsidiaries.

5.2 Fund I has 13 subsidiaries: BECAP Gardner 1 Limited, BECAP Gardner 2 Limited, BECAP SPV 3 Limited, BECAP SPV 4 Limited, BECAP SPV 5 Limited, BECAP SPV 6 Limited, BECAP SPV 7 Limited, BECAP SPV 9 Limited, BECAP SPV 10 Limited, Enigmatic Investments Limited (all of which are incorporated in Guernsey), BECAP Vivat Limited, BECAP SPV Limited (both of which are incorporated in England and Wales) and Allcorp S.a.r.l (incorporated in Luxembourg), all of which are reflected in the accounts of Fund I as investments. Fund I owns 100 per cent. of the issued share capital and voting rights attached to all the shares of each of these companies.

5.3 Fund II has no subsidiaries.

6. SHARE CAPITAL

6.1 Set out below are details of the share capital of the Company (i) as at the date of this document and (ii) as it will be immediately following the Firm Placing and Placing and Open Offer and Admission:

	Present		Immediately following Admission*	
	Number	Amount (£)	Number	Amount (£)
Existing Shares (2009 Shares)	206,780,952	206,780,952	206,780,952	206,780,952
2012 Shares	0	0	158,244,920	158,244,920
Core Shares	0	0	100	100

Note: There is no concept of authorised share capital under Guernsey law.

* assuming no take-up under the Open Offer

6.2 On incorporation, the share capital of the Company was £1 consisting of one Share.

6.3 Pursuant to the 2009 Placing, the Company issued the AIM Placing Shares at the issue price of £1 per AIM Placing Share.

6.4 Pursuant to the Main Market Placing, the Company issued the Main Market Placing Shares at the issue price of £1.05 per Main Market Placing Share.

6.5 Other than through the Firm Placing and Placing and Open Offer, and through the issue of the Core Shares immediately following the Conversion, the Directors have no present intention of seeking Shareholder approval for the issue of any Shares.

6.6 Following Admission, the 2012 Shares will, like the Existing Shares, be capable of being held in uncertificated form. In the case of Shares held in uncertificated form, the Articles permit the holding and transfer of Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors will apply for the 2012 Shares to be admitted to CREST. The records in respect of Shares held in uncertificated form will be maintained by Euroclear UK & Ireland Limited, the Registrar and the Receiving Agent (details of whom are set out on page 37).

6.7 It is anticipated that, where appropriate, share certificates will be despatched by first class post within 7 days of Admission. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.

6.8 The legislation under which the Existing Shares, the Core Shares and the 2012 Shares have been and/or will be created is the Companies Law.

6.9 2009 Shares are, and upon creation the Core Shares and the 2012 Shares will be, denominated in Sterling.

6.10 As at the date of this document:

6.10.1 the Company does not hold any treasury shares and no Shares were held by, or on behalf of, the Company;

6.10.2 no Shares have been issued otherwise than as fully paid;

6.10.3 the Company has no outstanding convertible securities, exchangeable securities or securities with warrants;

6.10.4 there are no acquisition rights and/or obligations over the unissued share capital of the Company and the Company has given no undertaking to issue Shares other than in accordance with the Articles and this document;

6.10.5 no capital of the Company is under option or is agreed, conditionally or unconditionally, to be put under option; and

6.10.6 there are no restrictions on the transfer of Shares other than the restrictions described in paragraph 7.2.13 below, including (without limitation) that the Board may refuse to register a transfer of shares which might result in: (i) the Company incurring a liability in connection with being required to register as an "investment company" under the US Investment Company Act; (ii) the Company losing an exemption from the requirement to register as an investment company under the US Investment Company Act; (iii) the assets of the Company being deemed to be assets of a ERISA Plan Investor; or (iv) the offer and sale being subject to registration under the Securities Act, and that the Board may require the transfer of shares by a person believed to be a ERISA Plan Investor.

6.11 In relation to new issues of Shares, the Company intends, as far as practicable, to have regard to what is best practice in the context of investment companies that are listed on the Official List (listing category premium equity closed ended investment funds) and traded on the Main Market of the London Stock Exchange and to comply with institutional investor guidelines in relation thereto. In particular, although there are no statutory pre-emption rights or statutory limits on the number of new shares that may be issued in any given year under Guernsey law, the Company will not undertake any further issue of shares following Admission without first obtaining specific Shareholder approval for such issues by a special resolution (save where Shareholders' consent has already been granted pursuant to Resolution 5 to be proposed at the General Meeting or such subsequently renewed Shareholders' consent). Additionally, the Company does not intend to undertake any further issue of Cell Shares following Admission unless: (i) the number of Cell Shares issued pursuant to such further issue constitutes 5 per cent. or more of the existing number of Cell Shares issued in respect of that Cell as at the date of such issue; and (ii) the price at which such Cell Shares are issued is equal to or higher than the Net Asset Value per Cell Share (excluding treasury shares from the calculation of Net Asset Value per Cell Share) at that time. In addition, the Company intends to adhere to the following guidelines issued by the Association of British Insurers:

6.11.1 the authority of the Directors to issue new Shares without making a pre-emptive offer to existing Shareholders in any given year shall, except with prior approval of the holders of those Cell Shares, be limited to: (i) in any given year, such number of Cell hares as constitutes no more than five per cent. of the existing number of Cell Shares issued in respect of that Cell at the commencement of such year; and (ii) in any rolling three-year period, such number of Shares as constitutes no more than 7.5 per cent. of the number of Cell Shares issued in respect of that Cell at the commencement of such period; and

6.11.2 the Company's authority to make market purchases of its own Cell Shares in any given year shall, except with prior approval, be limited to 105 per cent. of the existing issued share capital of the Company at the commencement of such year and the maximum price per Share (exclusive of expenses) which will be paid for such Shares is an amount equal to 105 per cent. of the average of the middle market quotations for the Shares as derived from the daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the purchase is made.

7. MEMORANDUM AND ARTICLES OF INCORPORATION

7.1 The Company's objects are unlimited. Following Conversion, the Memorandum will be amended to change the name of the Company to Better Capital PCC Limited and to state that the Company is a protected cell company. The Memorandum and Articles are available for inspection at the address specified in paragraph 2.3 above and at the offices of DLA Piper UK LLP, as set out on page 38 and are available on the Company's website.

7.2 Following Conversion the Revised Articles will contain provisions to the following effect.

7.2.1 ***Share capital***

Subject to the provisions of the Companies Law and the Articles, the Directors may exercise the power of the Company to issue shares, grant rights to subscribe for or convert any security into shares, to issue shares of different types or classes, to issue shares with or without par value and to determine the consideration payable on the issue of such shares, in each case in respect of an unlimited number of shares.

7.2.2 ***Share rights***

Subject to the provisions of the Companies Law, the Articles and other members' rights, shares may be issued with or have attached to them such rights and restrictions as the Board may from time to time decide.

7.2.3 ***Issue of shares***

The Board is generally and unconditionally authorised to exercise all powers of the Company to issue or to grant rights to subscribe for, or to convert any security into, shares in the Company.

7.2.4 ***Cells***

The Board may from time to time establish separate Cells and may create and issue separate classes of Cell Shares for each Cell as they may so decide and such Cell Shares shall be issued with such specific rights and shall be attributable to such Cells as the Directors may determine. Each Cell shall be comprised of Cellular Assets. The assets and liabilities and income and expenditure attributable to a Cell shall be applied in the books of the Company exclusively to that Cell. The Board shall, in accordance with the provisions of the Companies Law keep the Cellular Assets of each Cell segregated and separately identifiable from the Core Assets and segregated and separately identifiable from the Cellular Assets attributable to other Cells. The Company may enter into recourse agreements (see paragraph 2.2 of Part 5 for information on recourse agreements) without the consent of the Shareholders.

7.2.5 ***Core Shares***

Core Shares of any class shall be issued only for cash and may only be issued to Purpose Trust or its delegate. Core Shares shall carry no right to any dividends or distribution and on a winding up of the Company the holders of Core Shares shall be entitled only to the return of the capital paid up thereon after all holders of Cell Shares have been paid in full. Core Shares carry the right to receive notice of and attend general meetings of the Company and the Core but will have no right to vote at such meetings unless there are no Cell Shares in issue.

7.2.6 ***Cell Shares***

Cell Shares shall carry voting rights, rights to dividend and distribution, and rights in a winding up as set out in the Articles.

7.2.7 ***Pre-emption rights***

There are no rights of pre-emption under Guernsey law or under the Listing Rules applicable to the Company. However, the Articles provide that, unless otherwise directed by the Company by way of a special resolution:

7.2.7.1 all shares to be issued in relation to a particular Cell wholly for cash (the "relevant shares") shall first be offered on the same or more favourable terms to the holders of the issued Cell Shares attributable to that Cell (excluding any

shares held by the Company as treasury shares and attributable to that Cell) in the same proportion (as nearly as practicable) to their existing holdings of such Cell Shares on a fixed record date, subject to such exclusions or other arrangements as the Board, in its absolute discretion, deems necessary or expedient to deal with fractional entitlements or legal or practical problems arising in connection with the laws of, or the requirements of any regulatory body or stock exchange in, any overseas territory, or any other matter whatsoever;

7.2.7.2 such offer shall be made by written notice (the "offer notice") from the Board specifying the number and price of the relevant shares and shall invite each member so entitled to state in writing within a period, which shall not be less than 10 business days, whether they are willing to accept any of the shares and, if so, the maximum number of relevant shares they are willing to accept;

7.2.7.3 at the expiration of the period during which each member may accept the relevant shares as specified in the offer notice, the Board shall allocate the relevant shares to or amongst the members who have notified to the Board their willingness to accept any of the relevant shares but so that no member shall be obliged to take more than the maximum number of shares notified by him under 7.2.7.2 above; and

7.2.7.4 if any of the relevant shares are not accepted and remain unallocated pursuant to the offer under 7.2.7.1 above, the Board shall be entitled to issue, grant options over or otherwise dispose of such shares to any person in such manner as it sees fit, provided that the Board shall not be entitled to issue, grant options over or otherwise dispose of those shares on terms which are more favourable than the terms of the offer pursuant to 7.2.7.1 above.

In addition, the Articles provide that (unless otherwise directed by the Company by way of a special resolution) upon the first issue of shares in a newly established Cell wholly for cash, the Company shall first offer such shares to the existing holders of Cell Shares of all Cells, in proportion (as nearly as practicable and subject to any exclusions or other arrangements described in paragraph 7.2.7.1) to the aggregate holding of each member on a fixed record date, subject to such exclusions or other arrangements as the Board, in its absolute discretion, deems necessary or expedient to deal with fractional entitlements or legal or practical problems, arising in connection with the laws of, or the requirements of any regulatory body or stock exchange in, any overseas territory, or any other matter whatsoever. The procedure to be followed by the Company when offering such shares is the same as the procedure described above.

The pre-emption rights described above shall not apply to the issue of any shares for a consideration that is wholly or partly otherwise than in cash and the Board may issue, grant options over or otherwise dispose of any unissued shares in the capital of the Company for a consideration that is wholly or partly otherwise than in cash to such persons at such time and generally on such terms as it sees fit.

7.2.8 ***Voting rights – General Meeting***

All holders of Cell Shares shall have the right to vote at any general meeting of the Company. On a show of hands a holder of one or more Cell Shares (which can be in one or more Cells) who is present in person shall have one vote and on a poll the votes shall be weighted where a vote cast in relation to each 2009 Share shall count as 1.1096 towards the total and a vote cast in relation to each 2012 Share shall count as 0.9770 towards the total.

7.2.8.1 All matters prescribed by the Listing Rules as requiring approval of the Shareholders of the Company shall be voted upon at a general meeting of the Company at which all Shareholders will be entitled to vote, even where such votes relate to a Cell in which a shareholder has no economic interest. The following matters shall be for approval by all Shareholders in the Company,

subject to prior approval by the holders of the Shares in the relevant Cell voting at a separate meeting of the holders of the Shares in the relevant Cell:

7.2.8.1.1 any material change to the Company's published investment policy (which includes the Company's published investment policy as it relates to any particular Cell);

7.2.8.1.2 dis-application of pre-emption rights in respect of an issue of shares in an existing Cell or a new Cell;

7.2.8.1.3 significant transactions or related party transactions where shareholder approval is required pursuant to the Listing Rules;

7.2.8.1.4 any proposed change of listing category or cancellation of the listing of any shares in an existing Cell;

7.2.8.1.5 the granting of authority to the Company to make purchases of the Shares;

7.2.8.1.6 any grant of options over Shares permitting purchase of such shares at less than market price;

7.2.8.1.7 any conversion of Shares in a Cell to another class;

7.2.8.1.8 variation of rights attaching to the Cell Shares; and

7.2.8.1.9 variation of rights attaching to the Core Shares.

7.2.8.2 All Shareholders in the Company will vote on certain general corporate matters affecting the Company as a whole in accordance with the Articles and the Companies Law, including the following matters:

7.2.8.2.1 the appointment and removal of the directors of the Company;

7.2.8.2.2 the approval of the Company's annual report and accounts;

7.2.8.2.3 the approval of the Directors' remuneration;

7.2.8.2.4 the appointment and remuneration of the Company's auditors;

7.2.8.2.5 any changes to the Company's Articles which do not affect the rights attaching to the Cells or the Core; and

7.2.8.2.6 any resolutions to wind up the Company, appoint a liquidator and/or authorise a liquidator to distribute in specie assets of the Company as a whole.

7.2.9 ***Voting rights – Cell***

Subject to any rights or restrictions attached to any shares, at a meeting of a particular Cell, on a show of hands, every holder of Cell Shares of that Cell present in person or by proxy and entitled to vote shall have one vote, and on a poll every holder of Cell Shares of that class present in person or by proxy shall have one vote for each share held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to any shares which may be subject to special conditions. Where there are joint registered holders of any share such persons shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members shall alone be entitled to vote.

7.2.9.1 All holders of the Shares in the relevant Cell will vote on the following matters, subject to approval also by all Shareholders in the Company voting at general meeting:

7.2.9.1.1 any material change to the Company's published investment policy in so far as it relates to the relevant Cell;

7.2.9.1.2 dis-application of pre-emption rights in respect of an issue of shares in so far as it relates to the relevant Cell or a new Cell;

7.2.9.1.3 significant transactions or related party transactions where shareholder approval is required pursuant to the Listing Rules in so far as it relates to the relevant Cell;

7.2.9.1.4 any proposed change of listing category or cancellation of the listing of any shares in the Cell in so far as it relates to the relevant Cell;

7.2.9.1.5 the granting of authority to the Company to make purchases of Shares in the relevant Cell;

7.2.9.1.6 variation of rights attaching to the Cell Shares in so far as it relates to the relevant Cell; and

7.2.9.1.7 variation of rights attaching to the Core Shares.

7.2.9.2 The following matters shall be for approval by the holders of Cell Shares in each Cell affected by such matters without also requiring approval by all Shareholders in the Company voting at general meeting:

7.2.9.2.1 the approval of a final dividend to be paid out of the assets of the relevant Cell to the holders of Cell Shares attributable to the relevant Cell;

7.2.8.2.2 any resolutions to wind up the particular Cell, appoint a liquidator and/or authorise a liquidator to distribute in specie assets of the particular Cell; and

7.2.9.2.3 an alteration of share capital attributable to the relevant Cell.

7.2.10 ***Dividends and other distributions***

Subject to the Companies Law and the Listing Rules, the Board may declare and pay such dividends and/or distributions, including interim dividends, to the Members in accordance with the Companies Law. The Directors may from time to time and out of the assets of the Cell concerned authorise dividends and distributions to be paid to the holders of Cell Shares of the relevant Cell in accordance with the procedure set out in the Companies Law and subject to any Member's rights attaching to such Cell Shares. No dividend or distribution or other monies payable on or in respect of a share shall bear interest against the Core or a Cell. All unclaimed dividends or distributions may be invested or otherwise made use of by the Board for the benefit of the relevant Cell until claimed. All dividends or distributions unclaimed on the earlier of: (i) seven years after the date when it first became due for payment; and (ii) the date on which the Company is wound up, shall be forfeited and shall revert to the relevant Cell.

7.2.11 ***Winding up***

The Company may be wound up at any time by special resolution in accordance with the Companies Law. A Cell may be wound up at any time by special resolution of the holders of the Cell Shares of the relevant Cell and following such resolution the Cell Shares of the relevant Cell may be redeemed by the Company for the purposes of distributing surplus Cellular Assets to the holders of the relevant Cell Shares. If the Company or a Cell shall be wound up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, will be divided *pari passu* among the relevant members (or the members of the relevant Cell, as the case may be) *pro rata* to their holdings of those shares which are subject to the rights of any shares which may be issued with special rights or privileges. If the Company or a Cell shall be wound up the Liquidator may with the authority of an extraordinary resolution of the Company or the relevant Cell (as the case may be) divide among the holders of Cell Shares of any Cell *in specie* the whole or any part of the assets of the Cell concerned (as the case may be) and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more

class or classes or property and may determine how such division shall be carried out as between the Members or different classes of Members. The Liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit and the liquidation of the Company or Cell (as the case may be) may be closed and the Company or Cell (as the case may be) dissolved but so that no Member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

7.2.12 ***Variation of rights***

Whenever the shares of any Cell are divided into different classes, all or any of the rights at the relevant time attached to any share or class of shares (and notwithstanding that the Company may be, or may be about to be, in liquidation or the relevant Cell may or may about to be wound up) may be varied or abrogated in such manner (if any) as may be provided by those rights, or in the absence of such provision either with the consent in writing of the holders of not less than three-quarters in number of the issued shares of the class, or with the sanction of a special resolution of the holders of the shares of the relevant class. The quorum at any separate general meeting of the holders of the relevant class (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one third in number of the issued shares of the class in question. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by: (i) the creation or issue of further shares ranking as regards participation in the profits or assets of the Core or the Cell to which such shares relate (as applicable) in some or all respects *pari passu* with them but in no respect in priority thereto; or (ii) the purchase or redemption by the Company of any of its own shares.

7.2.13 ***Transfer of shares***

Subject to the Articles (and the restrictions on transfer contained therein), a member may transfer all or any of his shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board. A transfer of a certificated share shall be in any usual form or in any other form approved by the Board. An instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. Subject to the Articles (and the restrictions on ownership contained therein), a member may transfer an uncertificated share by means of a relevant system authorised by the Board or in any other manner which may from time to time be approved by the Board. The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form (subject to the Articles) which is not fully paid or on which the Company has a lien provided that, in the case of a share admitted to trading on the London Stock Exchange, this would not prevent dealings in the shares from taking place on an open and proper basis on the London Stock Exchange. In addition, the Board may refuse to register a transfer of certificated shares unless: (i) it is in respect of only one class of shares; (ii) it is in favour of a single transferee or not more than four joint transferees; (iii) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require; and (iv) the transfer is not in favour of any person, as determined by the Directors, to whom a sale or transfer of shares, or in relation to whom the sale or transfer of the direct or beneficial holding of shares would or might result in: (a) the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantages in connection with the Company being required to register as an "investment company" under the US Investment Company Act; (b) the Company losing any exemption from the requirement to register as an investment company under the US Investment Company Act; or (c) the assets of the Company being deemed to be assets of a ERISA Plan Investor (a "Non-Qualified Holder"). The

Board may decline to register a transfer of an uncertificated share which is traded through CREST in accordance with the CREST Rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated shares is to be transferred exceeds four. If any shares are owned directly or beneficially by a person believed by the Board to be (i) an ERISA Plan Investor (ii) a Non-Qualified Holder, or (iii) any person or persons which will or may result in the Company incurring any liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage which the Company might otherwise not have incurred in circumstances in which 25 per cent or more of any class of the capital of the Company are owned by ERISA Plan Investors or in some other way the Company's assets may be deemed to be in jeopardy of being "plan assets" under the Plan Asset Regulations (as defined in ERISA) or which may cause the Company to be required to be registered as an investment company under the US Investment Company Act, the Board may give notice to such person requiring him either: (i) to provide the Board within 30 days of receipt of such notice with sufficient documentary evidence to satisfy the Board that such person is not in violation of the transfer restrictions set forth in the Articles or is not a ERISA Plan Investor; or (ii) to sell or transfer his shares to a person qualified to own the same within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the Board is entitled to arrange for the sale of the relevant shares on behalf of the registered holder and may give any notice required to change any such shares from uncertificated form to certificated form. If the Company cannot effect a sale of the relevant shares within five business days of its first attempt to do so, the registered holder will be deemed to have forfeited his shares. Purported purchases and transfers of shares to ERISA Plan Investors will, to the extent permissible by applicable law, be void ab initio. In any event, if the ownership of shares by an investor will or may result in the Company's assets being deemed to constitute "plan assets" under the Plan Asset Regulations, the shares of such investor (the "Prohibited Shares") will be deemed to be held in trust by the investor for such charitable purposes as the investor may determine, and the investor shall not have any beneficial interest in the shares. If, and with effect from the time when, any shares cease to be Prohibited Shares, such shares shall no longer be deemed to be held on trust for charitable purposes and the beneficial interest in such shares shall revert to the relevant member who shall be entitled to retain both the legal and the beneficial interest in such shares or dispose of them as he sees fit.

Untraceable members

The Company may sell any share of a member, or any share to which a person is entitled by transmission or death or bankruptcy, at the best price reasonably obtainable, if: (i) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member or to the person entitled to the share at his address in the Company's register of members, or otherwise the last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed, and no communication has been received by the Company from the member or the person so entitled; (ii) the Company has at the expiration of the period of 12 years by advertisement in a newspaper circulating in the area in which the address referred to in (i) above is located given notice of its intention to sell such shares; (iii) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the member or person so entitled; and (iv) where any part of the share capital of the Company is quoted on the stock exchange the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.

7.2.14 ***Notification of interest***

The Articles require that if: (i) there is any change whatsoever in a Director's shareholding in the Company (or the shareholding of any member of a Director's

family) or any acquisition, disposal or discharge by a Director (or any member of his family) of any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Company's Shares; or (ii) there is any change to the shareholding of a Significant Shareholder above three per cent. (excluding treasury shares) in respect of any Cell or of the Company as a whole which increases or decreases such shareholding through any single percentage, then such Director or Significant Shareholder must notify certain information in respect of such transaction to the Company immediately. The information required in the notification includes, *inter alia*: (i) the identity of the Director or Significant Shareholder concerned; (ii) the date on which the relevant transaction or change was effected; (iii) the price, amount and class of Shares concerned: (iv) the nature of the transaction: and (v) the nature and extent of the relevant Director's or Significant Shareholder's interest in the transaction.

7.2.15 ***Disclosure of ownership***

The Board shall have power by notice in writing to require any member to disclose to the Company the identity of any person other than the member who has any interest, (whether direct or indirect), in the shares held by the member and the nature of such interest. For these purposes, a person shall be treated as having an interest in shares if they have any interest in them whatsoever, including but not limited to any interest acquired by any person as a result of:

7.2.15.1 entering into a contract to acquire them;

7.2.15.2 being entitled to exercise, or control the exercise of, any right conferred by the holding of the shares;

7.2.15.3 having the right to call for delivery of the shares; or

7.2.15.4 having the right to acquire an interest in shares or having the obligation to acquire such an interest.

The Articles provide that, where an addressee of such a notice fails to give the Company the information required by the notice within the time specified in the notice, the Company may deliver a further notice on the member holding the shares in relation to which the default has occurred imposing restrictions on those shares. The restrictions contained in the further notice may prevent the member holding the shares from attending and voting at a meeting of the Company (including by proxy). In addition, where the default shares represent at least 0.25 per cent. of the class of shares concerned, the further notice may direct that any dividend or other amount payable in respect of such shares shall be retained by the Company without any liability to pay interest thereon and that, save in certain circumstances, no transfer of such shares shall be approved for registration.

7.2.16 ***General meetings***

General meetings (which are annual general meetings) shall be held once at least in each calendar year. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. All general meetings shall be held in Guernsey or such other place outside the UK as may be determined by the Board from time to time. Notice must specify the place, time and date of any general meeting and, specifying also in the case of any special business, the general nature of the business to be transacted.

7.2.17 ***Number of Directors***

Unless otherwise determined by the members by ordinary resolution, the number of Directors shall not be less than three and there shall be no maximum number. A majority of the Board shall not be resident in the United Kingdom for United Kingdom tax purposes.

7.2.18 ***Directors' shareholding qualification***

A Director need not be a member. A Director who is not a member shall nevertheless be entitled to attend and speak at general meetings.

7.2.19 ***Appointment of Directors***

Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office notice in writing signed by a member who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected and a declaration that he is not ineligible to be a Director in accordance with the Companies Law.

7.2.20 ***Age of Directors***

No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.

7.2.21 ***Retirement of Directors***

At each annual general meeting of the Company any Director who has been appointed by the Board since the last general meeting or who held office at the time of the two preceding annual general meetings and who did not retire at either of them or any Director who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for reappointment by the members.

If at any meeting at which the appointment of a Director ought to take place the office vacated by a retiring Director is not filled, the retiring Director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or unless the resolution to re-appoint him is put to the meeting and not approved.

7.2.22 ***Removal of Directors***

Subject to the Articles, the members may by ordinary resolution remove any Director. A Director may also be removed from office by written notice served on him to that effect signed by a majority of his co-Directors (being not less than three in number).

7.2.23 ***Vacation of office***

The office of a Director shall be vacated:

7.2.23.1 if he is requested to resign by written notice signed by a majority of his co-Directors (being not less than three in number);

7.2.23.2 if the Company by ordinary resolution shall declare that he shall cease to be a Director;

7.2.23.3 if he resigns his office by writing under his hand deposited at the office, provided that the Company may agree to accept his resignation to take effect on a later date as specified by the resigning Director;

7.2.23.4 if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated;

7.2.23.5 if he becomes bankrupt or makes any arrangement or composition with his creditors generally;

7.2.23.6 if he becomes ineligible to be a director in accordance with the Companies Law;

7.2.23.7 if he dies; or

7.2.23.8 if he becomes resident in the United Kingdom for UK tax purposes and, as a result thereof, there would cease to be a majority of the Directors, if he were to remain a Director, who are not resident in the United Kingdom for UK tax purposes.

7.2.24 ***Alternate Director***

Any Director may, subject to the Companies Law and by notice in writing, appoint any other person who is willing to act as his alternate and may remove him from that office. Each alternate Director shall be resident for tax purposes either: (i) in the same jurisdiction as his appointor; or (ii) outside the United Kingdom, in each case for the duration of the appointment of that alternate Director. Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and served upon the Company.

7.2.25 ***Proceedings of the Board***

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions exercisable by the Board. All meetings of the Board are to take place outside the United Kingdom and any decision reached or resolution passed by the Directors at any meeting of the Board within the United Kingdom or at which no majority of Directors resident outside the United Kingdom (and not within the United Kingdom) for United Kingdom tax purposes is present shall be invalid and of no effect. The Board may elect one of their number as chairman provided that no Director who is UK tax resident may be elected or act as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time fixed for holding the meeting the Directors present shall choose one of their number to act as chairman of the meeting. Questions arising at any meeting shall be determined by a majority of votes. The Board may delegate any of its powers to any committee, consisting of two or more Directors, as they think fit with a majority of such Directors being resident outside of the United Kingdom for United Kingdom tax purposes. Committees shall only meet outside the United Kingdom. The proceedings of a committee with two or more Directors shall be governed by any regulations imposed on it by the Board and (subject to such regulations) by the provisions of the Articles regulating the proceedings of the Board so far as they are capable of applying.

7.2.26 ***Remuneration of Directors***

The Directors shall be entitled to receive fees of remuneration for their services as Directors. Those fees shall not exceed £300,000 per annum in aggregate (or such larger sum as the Company may, by ordinary resolution, determine). Any fee payable in this manner shall be distinct from any salary, remuneration or other amounts payable to a Director under other provisions of the Articles and shall accrue from day to day. The Board may grant special remuneration to any Director who performs any special or extra services to, or at the request of, the Company. Further, a Director shall be paid all reasonable travelling, hotel and other expenses properly incurred by him in and about the discharge of his duties, including his expenses of travelling for any business or purpose of the Company.

7.2.27 ***Pensions and gratuities for Directors***

The Board may pay pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any Director or ex-Director.

7.2.28 ***Permitted interests of Directors***

Subject to the provisions of the Companies Law, and provided that he has disclosed to the other Directors the nature and extent including, where quantifiable, the monetary value of any interest of his, a Director notwithstanding his office:

7.2.28.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company (whether in respect of the Core or any Cell) or in which the Company (whether in respect of the Core or any Cell) is otherwise interested;

7.2.28.2 may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

7.2.28.3 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or a member of or otherwise, directly or indirectly, interested in, any body corporate promoted by the Company, or with which the Company (whether in respect of the Core or any Cell) has entered into any transaction, arrangement or agreement or in which the Company (whether in respect of the Core or any Cell) is otherwise interested; and

7.2.28.4 shall not by reason of his office be accountable to the Company neither in respect of the Core nor any Cell for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

For the purposes of the Articles:

7.2.28.5 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

7.2.28.6 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

A Director shall be counted in the quorum at any meeting in relation to any resolution in respect of which he has declared an interest and may vote thereon. A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or in which the Company (whether in respect of the Core or any Cell) may be interested or with which the Company (whether in respect of the Core or any Cell) has entered into any transaction, arrangement or agreement, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager or other officer or member of any such other company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managing directors, managers or other officers of such company). Any Director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his being a Director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to breach of confidence or other duty owed to that other body corporate.

7.2.29 ***Borrowing powers***

Subject to the Companies Law and the Articles, the Board may exercise all the powers of the Company (whether in respect of the Core or any Cell) to borrow money at the

Company or Cell level and to give guarantees, mortgage, hypothecate, pledge or charge all or any part of its undertaking, property or assets (both present and future) and uncalled capital and to issue debentures, loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

7.2.30 ***Other powers and duties of the Board***

In all transactions with third parties the Directors shall inform such third party that the Company is a protected cell company and specify the Cell (if the transaction is in respect of any particular Cell) or that it is in respect of the Core (where relevant).

7.2.31 ***Indemnity of Directors and other officers***

Subject to applicable law, the Company may indemnify any Director of the Company or of any company or other entity which is a subsidiary of the Company (a "Subsidiary Undertaking") against any liability and may purchase and maintain for any Director of the Company or of any Subsidiary Undertaking insurance against any liability.

8. DIRECTORS' AND OTHER INTERESTS

8.1 As at 15 December 2011, (being the latest practicable date prior to the publication of this document), and immediately following Admission, the interests (all of which are beneficial unless otherwise stated) of the Directors and (so far as is known to the Directors having made appropriate enquiries) persons connected with them (which expressions shall be construed in accordance with sections 252 to 255 of the Companies Act 2006 and which includes for these purposes relevant personnel of the Consultant and the Fund I GP) in the issued share capital of the Company, are as follows:

	Before Admission		Following Admission[1]			
	Number of Existing Shares	Percentage of Existing Shares	Number of 2009 Shares	Percentage of 2009 Shares	Number of 2012 Shares	Percentage of 2012 Shares
Company, Director						
Richard Crowder	50,000	0.02	50,000	0.02	100,000	0.06
Richard Battey	30,000	0.01	30,000	0.01	30,000	0.02
Philip Bowman	250,000	0.12	250,000	0.12	500,000	0.32
Mark Huntley	0	0	0	0	20,000	0.01
Consultant/Fund I GP/ Fund II GP						
Jon Moulton	19,523,809	9.44	19,523,809	9.44	30,000,000	18.96
Mark Aldridge	150,000	0.07	150,000	0.07	450,000	0.28
Nick Sanders	200,000[2]	0.10	200,000	0.10	450,000	0.28
Laurence McNairn	0	0.00	0.00	0.00	0	0.00

Notes:

(1) Assuming no take-up under the Open Offer.

(2) Investment made through a discretionary trust in favour of Nick Sanders' children.

The Directors currently beneficially own, in aggregate, 330,000 Existing Shares representing approximately 0.16 per cent. of the existing issued ordinary share capital of the Company as at 15 December 2011 (being the latest practicable date prior to publication of this document). The Directors intend to subscribe for an aggregate of 650,000 of the 2012 Shares pursuant to the Firm Placing and Placing and Open Offer, following which the Directors will own, in aggregate, 330,000 of the 2009 Shares representing approximately 0.16 per cent. of the 2009 Shares and 650,000 of the 2012 Shares representing approximately 0.41 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Jon Moulton has entered into a placing letter with Numis under which he has agreed to subscribe for 30 million of the 2012 Shares pursuant to the Firm Placing in place of his participation in the Open Offer. Including this latest subscription, Jon Moulton will have invested an aggregate of £49.75 million in the share capital of the Company and has indicated that he intends to contribute significantly to future fundraisings although he cannot commit that future

participation will be *pro rata* to his existing investment. The interests in the Company that are attributable to Jon Moulton and persons connected with him will represent approximately 9.44 per cent. of the 2009 Shares and approximately 18.96 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer). Mark Aldridge and Nick Sanders have each agreed to subscribe for 2012 Shares pursuant to the Firm Placing and Placing such that they will each subscribe for, 450,000 of the 2012 Shares, in aggregate 900,000. The interests in the Company that are attributable to Jon Moulton, Mark Aldridge and Nick Sanders and persons connected with them will represent, in aggregate, approximately 9.61 per cent. of the 2009 Shares and approximately 19.53 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

Each of Jon Moulton, Mark Aldridge and Nick Sanders has severally undertaken to the Company and Numis that he will not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer: and (ii) during the period from the day following the first anniversary of the date of Admission until the end of the Fund II Investment Period dispose of seventy (70) per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer as described in further detail in paragraph 16.4 of Part 12.

John Caudwell has entered into a placing letter with Numis under which he has agreed to subscribe for 50 million of the 2012 Shares under the Firm Placing and Brian Caudwell has entered into a placing letter with Numis under which he has agreed to subscribe for 7.5 million of the 2012 Shares under the Firm Placing and a further 2.5 million of the 2012 Shares under the Conditional Placing. John Caudwell and Brian Caudwell have been deemed to be acting in concert for the purposes of the Takeover Code and, when considered together, and assuming Brian Caudwell will participate in full in the Conditional Placing, their combined shareholding will represent:

- approximately 28.8 per cent. of the 2012 Shares in issue following Admission on the assumption that the Open Offer is fully subscribed, or 36.3 per cent. of the 2012 Shares in issue following Admission on the assumption that no 2012 Shares are subscribed for under the Open Offer; and
- approximately 56,177,500 voting rights representing approximately 13.2 per cent. of the overall votes available to be cast in a general meeting of the Shareholders of the Company on the assumption that the Open Offer is fully subscribed, or 14.6 per cent. of overall votes available to be cast in a general meeting of the Shareholders of the Company on the assumption that no 2012 Shares are subscribed for under the Open Offer.

The Company and Numis have received separate undertakings from John Caudwell and Brian Caudwell, as detailed in paragraph 16.11 of Part 12. John Caudwell and Brian Caudwell have each severally agreed that he will not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the until the second anniversary of the date of Admission dispose of seventy (70) per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer and, subject to certain exceptions, following the second anniversary of the date of Admission, shall consult with Numis and the Company so far as is reasonably practicable in the circumstances having regard as is reasonable in the circumstances to the Company's desire to ensure an orderly market for its shares as described in further detail in paragraph 16.4 of Part 12.

In addition, other members and employees of the Consultant intend to subscribe for an aggregate of 242,020 of the 2012 Shares pursuant to the Firm Placing representing approximately 0.15 per cent. of the 2012 Shares immediately following Admission (assuming no take-up under the Open Offer).

8.2 The Chairman of the Company and the other Directors were each appointed for an initial period of 18 months from 17 December 2009. The Chairman receives an annual fee of £40,000 and each of Messrs Battey, Bowman and Huntley receives an annual fee of £30,000, in each case payable quarterly in equal instalments in arrears. As chairman of the audit committee, Mr Battey

receives an additional annual fee of £5,000 which, subject to and conditional upon Conversion and Admission will be increased by an amount of £2,500. In addition to these fees, the Company will reimburse all reasonable travel, and other incidental expenses incurred by the Directors in the performance of their duties.

8.3 Mr Mark Huntley, who is a Director of the Company, is also a director of the GP Company, the general partner of the Fund I GP and a director of the Fund II GP Company. In connection with his position as a director of the Fund I GP Company and a director of the Fund II GP Company, Mr Huntley is entitled to receive a fee of £10,000. Mr Huntley is entitled to be indemnified out of the assets of the Fund I GP Company, in respect of his role as a director of the Fund I GP Company. Mr Huntley has the same entitlement from Fund II GP Company in respect of his role as a director of the Fund II GP Company, from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any contract entered into or any act done, concurred in or omitted, in or about the execution of his duty or supposed duty in relation thereto except in connection with any negligence, default, breach of duty or breach of trust in relation to the Fund II GP Company.

8.4 Save as disclosed in paragraph 8.1 above, none of the Directors has any interests, whether beneficial or non-beneficial, in the issued share capital of the Company nor, so far as is known to the Directors having made appropriate enquiries, does any person connected with them (which expressions shall be construed in accordance with sections 252 to 255 of the Companies Act 2006 and which includes for these purposes relevant personnel of the Consultant and the Fund I GP).

8.5 As at 15 December 2011, (being the last practicable date prior to the publication of this document) and so far as the Directors are aware, the only persons (other than any Director) who are or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company prior to Admission are as follows:

Significant shareholdings as at 15 December 2011	**Before Admission**	
	Number of Shares	**Percentage of Existing Share Capital**
Shareholder		
Ruffer LLP	60,772,500	29.4
Scottish Widows Investment Partnership Limited	20,269,889	9.8
Jon Moulton	19,523,809	9.4
Blackrock Investment Management	19,097,769	9.2
Aviva Investors	11,900,862	5.8
Troy Asset Management	11,343,232	5.5
Baillie Gifford & Co	11,556,468	5.6
Jupiter Asset Management	9,796,024	4.7
Wirral BC	7,260,567	3.5

8.6 The Company and the Directors are not aware of: (i) any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company; nor (ii) any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

8.7 The Board and Numis (as Sponsor) are independent from any Substantial Shareholders, and both are expected to be independent from Fund I's investments and Fund II's investments.

8.8 The voting rights of the persons listed in paragraph 8.5 above do not differ from the voting rights of any other holder of Shares.

8.9 There are no outstanding loans granted by the Company to any Director nor are there any guarantees provided by the Company for the benefit of any Director.

8.10 The Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the date of this document:

Director	Current	Previous
Richard Crowder	Absolute Alpha Fund PCC Limited Aviva Investors Alternative Funds PCC Bluecrest (formerly Close) Allblue Fund Limited Bracken Partners Investments Channel Islands Limited FCM Funds Public Limited Company FF&P Alternative Strategy PCC Limited FF&P Global Property Fund PCC Limited FF&P Enhanced Opportunities Fund PCC Limited FF&P Russia Real Estate Developments Limited FF&P Russia Real Estate Limited FF&P Venture Funds PCC Limited FF&P World Equities Fund Limited Global Credit Opportunities Master Investment Company Limited Japan Residential Investment Company Limited Jupiter Insurance Limited London & Stamford Property plc Mysia Investments Limited Pantheon Asia Fund II Limited Pantheon Asia Fund III Limited Pantheon Asia Fund IV Limited Pantheon Europe Fund IV Limited Pantheon International Participations Plc PASIA V GP Limited PEURO V GP Limited PEURO VI GP Limited Rothschild Bank (CI) Limited Rothschild Bank International Limited Royal London Asset Management C.I. Limited Rufford & Ralston PCC Limited Syros (formerly Samos) Investments Limited *Subsidiaries* FF&P Enhanced Opportunities Subsidiary Limited J-RIC International Limited JRIC Holdings Limited London & Stamford Property Limited Royal London Custody Services C.I. Limited *Private family group of trust and investment holding companies* Alster Limited B Eighty A (Bermuda) Limited B Eighty B (Bermuda) Limited B Eighty C Limited B Eighty D Limited B Eighty E Limited B Eighty F Limited Brabazon Limited Breadth Holdings (Bermuda) Ltd Burnt Oak Holdings (Bermuda) Ltd C Eighty Three C (Bermuda) Limited	Affinity Partners Limited Asia Direct Limited (BC) Property Income & Growth Fund Limited BC Property Securities Limited Consulta Alternative Strategy Fund PCC Limited Consulta Alternative Strategy Holdings Limited Consulta Canadian Energy Fund Consulta Capital Fund PCC Limited Consulta CI Limited Consulta Collateral Fund PCC Limited Consulta Collateral Holdings Limited Consulta Hedge Funds Limited Consulta High Yield Fund PCC Limited Consulta High Yeild Holdings Limited Consulta Emerging Markets Debt Fund Consulta Technology Fund Da Vinci Capital Management Limited Electricity Producers Insurance Company (Bermuda) Limited FCM Asia-Pacific Fund Limited FCM Asia-Pacific Master Fund Limited FCM European Frontier Fund Limited FCM European Frontier Master Fund Limited FCM European Opportunities Fund Limited FCM European Opportunities Master Fund Limited FCM Global Opportunities Fund Limited FCM Global Opportunities Master Fund Limited FCM Japan Kachi Master Fund Limited FCM Japan Kachi Fund Limited FRM Access Fund PCC Limited FRM Manufactured Alpha Fund SPC FRM Manufactured Alpha Master Fund SPC Olivant Limited Pantheon Asia Fund Limited Parkmead Special Situations Energy Fund Schroders C.I. Limited Schroder Property Managers (Jersey) Limited Vodafone Insurance Company Limited

Director	Current	Previous
Richard Crowder (continued)	C Eighty Three D (Bermuda) Limited C Seventy Two C Limited Chateauneuf (Bermuda) Ltd Depth (Bermuda) Ltd Englehall Limited Felix (Bermuda) Ltd Fervida (Bermuda) Ltd Flavida (Bermuda) Ltd Four Leaf Clover (Jersey) Limited Friar (Bermuda) Ltd Gold Hawk (Bermuda) Ltd Greenford (Bermuda) Ltd H Fifty Eight A (Bermuda) Limited H Fifty Eight B (Bermuda) Limited H Fifty Eight C (Bermuda) Limited H Fifty Eight D (Bermuda) Limited Hexagon Investments (Bermuda) Ltd Hillingdon (Bermuda) Ltd Horos Limited M Fifty Eight (Bermuda) Limited One-Forty-Five Limited PLMS Limited Prelude Limited Procida (Bermuda) Ltd Pur (Bermuda) Ltd Somana (Bermuda) Ltd Stee (Bermuda) Ltd Stowe Holdings (Bermuda) Ltd Tio (Bermuda) Ltd Treva Limited (formerly Loch Lossit Limited) Veritas Limited Vest (Bermuda) Ltd Vincitas Limited Width Holdings (Bermuda) Ltd	
Richard Battey	AcenciA Debt Strategies Limited Climate Change Capital Wind Energy Fund Limited Juridica Capital Management Limited Juridica Investments Limited Laurium Management Limited Laurium General Partner Limited Macau Sniper Fund Limited NB Global Floating Rate Income Fund Limited Northwood Capital European Fund Limited Northwood Capital Enhanced European Fund Limited Princess Private Equity Holding Limited Prospect Japan Fund Limited Renshaw Bay Limited	China Growth Opportunities Limited Falcon Investment Property SICAV PLC Henderson Global Property Companies Limited Himeji X2 Liquid Fund Inc. Laurium Limited Origo Resource Partners Limited Parkmead Special Situations Energy Fund Limited Partners Group Private Real Estate Opportunities Limited Ptarmigan II Limited SASCIL Nominees Limited Schroder Administrative Services (C.I.) Limited Stratton Street Capital Liquid Funds Inc.
Philip Bowman	Atropos SCI Berry Bros. & Rudd Limited Burberry Group plc Smiths Group plc Vinula Pty. Ltd Vinula Super Fund Pty. Ltd	Scottish & Newcastle plc Scottish Power plc

Director	Current	Previous
Mark Huntley	AAC Capital NEBO Feeder GP Limited	Bream Limited
	Aile Limited	Cannonball Limited
	Baring Coller Secondaries Fund II Limited	Celadon Management Limited
	BECAP GP Limited	China Growth Opportunities Limited
	BECAP12 GP Limited	China Growth Fund LImited
	Channel Islands Stock Exchange LBG	Civet Limited
	Collateral 1 Limited	Eidos Investments (Guernsey) Limited
	Collateral 2 Limited	HFL Limited
	Collateral 3 Limited	Japan Leisure Hotels Limited
	Collingwood Holdings Limited	MPOF (6A) Limited
	Crystal Amber Asset Management (Guernsey) Limited	MPOF (6B) Limited
	Crystal Amber Fund Limited	MPOF (7A) Limited
	DCB Investments Limited	MPOF (7B) Limited
	Devco Property Advisors Limited	MPOF (8A) Limited
	DF Investments Limited	MPOF (8B) Limited
	Enigmatic Investments Limited	MPOF (9A) Limited
	Falcon Carry (GP) Limited	MPOF (9B) Limited
	Fun Capital Limited	MPOF (10A) Limited
	Genesis Administration Limited	MPOF (10B) Limited
	Genesis Taihei Investments, LLC	MPOF (Antonio) Limited
	Guernsey Sailing Trust LBG	MPOF (Domingos) Limited
	Healthcare Investments Limited	MPOF (Guia) Limited
	Heritage Administration Services Limited	MPOF (Jose) Limited
	Heritage Corporate Services Limited	MPOF (Monte) Limited
	Heritage Corporate Services (Malta) Limited	MPOF (Paulo) Limited
	Heritage Corporate Trustees Limited	MPOF (Penha) Limited
	Heritage Group Limited	MPOF (Senado) Limited
	Heritage International Fund Managers Limited	MPOF (Sun) Limited
	Heritage International Fund Managers (Malta) Limited	MPOF (Taipa) Limited
	Heritage Management Holdings Limited	MPOF Mainland Company 1 Limited
	Heritage Partners GP Limited	Phoenix Logistics (Guernsey) Limited
	Heritage Partners Limited	Praetorian Capital GP Limited
	Hologram Holdings Limited	RMSQUARED (Guernsey) Limited
	International Hospitals Network (GP) Limited	Stirling Mortimer Bond Issue Company Limited (in liquidation)
	Lehman Brothers Merchant Banking Europe Capital Partners Management Limited	SM EBC JVCO Limited
	Macau Sniper Fund Limited	
	Mediterra Capital Management Limited	
	NB PEP GP Limited	
	NEBO I Carry GP Limited	
	NEBO I GP Limited	
	P25 (GP) Limited	
	P25 Investments Limited	
	Phoenix Logistics (Guernsey) Limited	
	Pietersen Holdings Limited	
	Plein Limited	
	SM EBC South Africa Development Financing Limited	
	Stirling Mortimer (Channel Islands) Limited	
	Stirling Mortimer (Guernsey) Limited	
	Stirling Mortimer (St Peter Port) Limited	
	Stirling Mortimer Bond Issue Company Limited (in liquidation)	

Director	Current	Previous
Mark Huntley (continued)	Stirling Mortimer Global Property Fund PCC Limited	
	Stirling Mortimer No.8 Fund UK Land Limited	
	Stirling Mortimer No 9 Fund UK Land 2 Limited	
	Stirling Mortimer Property Fund PCC Limited	
	The Coratina Fund Limited	
	Therium Holdings Limited	
	Therium Litigation Funding Limited	
	Trilantic Capital Management GP (Guernsey) Limited	
	Trilantic Capital Partners Management Limited	
	Yucatan Devco Limited	
	Yucatan Devco 2 Limited	

8.11 Jon Moulton holds the following directorships and is a partner in the following partnerships and has held the following directorships and been a partner in the following partnerships within the five years prior to the date of this document:

Director	Current	Previous
Jon Moulton	30 St James's Square Investments Ltd	2FG Holdings Limited
	BECAP GP Limited	2FG Limited
	BECAP12 GP Limited	AA Development Capital India (GP) Ltd
	BECAP GP LP	Airborne Systems Group Ltd
	BECAP12 GP LP	Airborne Systems Holdings Ltd
	BECAP Gardner 1 Ltd	Airborne Systems Ltd
	BECAP Gardner 2 Ltd	Aries
	BECAP SPV 3 Ltd	Alchemy India (CI) Ltd
	BECAP SPV 4 Ltd	Alchemy Partners (Guernsey) Ltd
	BECAP SPV 5 Ltd	Alchemy Partners LLP
	BECAP SPV 6 Ltd	Alchemy Special Opportunities (Trading) Ltd
	BECAP SPV 7 Ltd	
	BECAP SPV 9 Ltd	Alchemy Special Opportunities LLP
	BECAP SPV 10 Ltd	Apophecy Ltd
	Better Capital LLP	Ashmore Group Plc
	Better Capital SLP LP	Ashmore Investment Management Ltd
	Better Capital 12 SLP LP	Ashmore Investments (UK) Ltd
	Centre for Policy Studies Ltd	ASO (CI) Ltd
	Collabrium Capital (Guernsey) Ltd	Cedar Limited
	CSP Topic LLP	Cedar Crestone Inc
	DigiPoS Store Solutions (Holdings) Limited	Clayfox Gilttop Limited
		Clayfox Timid Limited
	Duke Street Capital Structured Solutions No.1 (Feeder) LP	Core Technology Ventures LLP
		Edlaw Ltd
	Enigmatic Investments Ltd	Ego Holdings Ltd
	FinnCap Ltd	Floors-2-Go (EBT) Limited
	Greensphere Capital LLP	Indian Advisors (CI) Ltd
	J.M. Finn Capital Markets Ltd	Montague L Meyer Ltd
	JP Moulton Charitable Foundation	Point-on Holdings Ltd
	La Falaise Holdings Ltd	Redac Group Ltd
	New Broad Street Investments Ltd	Redac Group No 2 Ltd
	Santia Holdco Ltd	Redac Holdings Ltd
	Shoreham Shop LLP	Redac Ltd
	Successful Recovery Ltd	RLS Telecoms LLP
	Sustainable Technology Partnership Founder Partner LLP	Sandsenor Ltd
		Seymour Pierce Holdings Ltd
	UK Stem Cell Foundation	Spin SPG Trustee Ltd
	Verdi Semiconductor Ltd	Tattershall Castle Group Ltd
	Wharrels Hill LLP	TCG Holdings Ltd
		Wardle Storeys (Group) Ltd

8.12 No Director has, within the period of five years preceding the date of this document:

8.12.1 had any convictions in relation to any fraudulent offences; or

8.12.2 been bankrupt or entered into an individual voluntary arrangement; or

8.12.3 been a director of any company at the time of receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or

8.12.4 been a partner in a partnership at the time of any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

8.12.5 had his assets the subject of any receivership or has been a partner of a partnership at the time of any assets thereof being the subject of a receivership; or

8.12.6 been subject to any public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

8.13 Save as set out in 8.14 below, no director of the Fund I GP Company and no director of the Fund II GP Company (being in each case Mark Huntley, Laurence McNairn and Jon Moulton) has, within the period of five years preceding the date of this document:

8.13.1 had any convictions in relation to any fraudulent offences; or

8.13.2 been bankrupt or entered into an individual voluntary arrangement; or

8.13.3 been a director of any company at the time of receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or

8.13.4 been a partner in a partnership at the time of any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

8.13.5 had his assets the subject of any receivership or has been a partner of a partnership at the time of any assets thereof being the subject of a receivership; or

8.13.6 been subject to any public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

8.14 2FG Holdings Limited and 2FG Limited, of which Jon Moulton was a director at the relevant time, were within the period of five years preceding the date of this document the subject of insolvent liquidation.

9. DIRECTORS' APPOINTMENTS

9.1 Richard Crowder was appointed a non-executive Director and Chairman of the Company on 24 November 2009 and was re-elected at the last annual general meeting. His appointment is terminable on three months' notice by either the Company or Mr Crowder. The fee payable for Mr Crowder's services as a non-executive Director is £40,000 per annum and is subject to annual review. Subject to, and conditional upon, Conversion and Admission, Mr Crowder's fees will be increased by an amount of £20,000.

9.2 Richard Battey was appointed a non-executive Director of the Company on 24 November 2009 and was re-elected at the last annual general meeting. His appointment is terminable on three months' notice by either the Company or Mr Battey. The fee payable for Mr Battey's services as a non-executive Director is £30,000 per annum. This fee is subject to annual review. Subject to, and conditional upon, Conversion and Admission, Mr Battey's fees will be increased by an amount of £15,000. As chairman of the audit committee, Mr Battey receives an additional fee

of £5,000 which, subject to and conditional upon Conversion and Admission will be increased by an amount of £2,500.

9.3 Philip Bowman was appointed a non-executive Director of the Company on 24 November 2009 and was re-elected at the last annual general meeting. His appointment is terminable on three months' notice by either the Company or Mr Bowman. The fee payable for Mr Bowman's services as a non-executive Director is £30,000 per annum and is subject to annual review. Subject to, and conditional upon, Conversion and Admission, Mr Bowman's fees will be increased by an amount of £15,000.

9.4 Mark Huntley was appointed a non-executive Director of the Company on 24 November 2009 and was re-elected at the last annual general meeting. His appointment is terminable on three months' notice by either the Company or Mr Huntley. The fee payable for Mr Huntley's services as a non-executive Director is £30,000 per annum and is subject to annual review. Subject to, and conditional upon, Conversion and Admission, Mr Huntley's fees will be increased by an amount of £15,000.

9.5 Fees paid to the Directors for the 52 weeks to 30 September 2011 are as follows:

Director	Total for 52 weeks to 30 September 2011 £
Richard Crowder	40,000
Richard Battey	35,000
Philip Bowman	30,000
Mark Huntley	30,000

In addition, it is proposed that each Director shall be paid an additional fee of £10,000 each in respect of his performance of his duties in relation to Conversion, the Firm Placing and Placing and Open Offer and Admission.

9.6 Save as disclosed in paragraphs 9.1 to 9.4 above, there are no existing or proposed service agreements or consultancy agreements between any of the Directors and the Company which cannot be terminated by the Company without payment of compensation within 12 months.

9.7 Other than the payment of benefits during the notice periods set out above, the Directors' letters of appointment provide for no benefits upon termination of their appointment.

9.8 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the period immediately preceding the date of this document.

10. FURTHER INFORMATION ABOUT THE ADMINISTRATOR AND THE FUND I GP COMPANY AND THE FUND II GP COMPANY

10.1 Mark Huntley and Laurence McNairn are directors of the Fund I GP Company and the Fund II GP Company and also of the Administrator. Further information about Mark Huntley, who is also a Director, is set out in Part 6 and in paragraphs 7.2 and 7.3. Accordingly the Administrator will be treated as a related party for the purposes of the Listing Rules.

10.2 Laurence McNairn is a member of The Institute of Chartered Accountants of Scotland. Mr McNairn has considerable experience and specialist background knowledge in fund administration, particularly private equity and property fund investment and administration. He held board appointments with a number of the foremost private equity and property fund managers. He has broad experience with Baring Asset Management over a 16 year period. Prior to that he was Finance Director of an industrial electronics manufacturing company which was part of a UK plc and also worked in professional practice with KPMG.

10.3 As noted in Part 3, Jon Moulton, Laurence McNairn and Mark Huntley are directors of the Fund I GP Company and the Fund II GP Company with whom none of them have entered into service agreements. In connection with their positions as directors of the Fund I GP Company and the Fund II GP Company, Mark Huntley and Laurence McNairn are each entitled to receive a fee of £10,000 per annum and Jon Moulton has waived his entitlement to receive any fee. None of Mark Huntley, Laurence McNairn or Jon Moulton receive any other fees or

benefits in connection with their positions as directors of the Fund I GP Company or Fund II GP Company.

11. RELATED PARTY TRANSACTIONS

No Director has any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, the Company or which are proposed to be acquired by, disposed of by, or leased to, the Company.

Save for the transaction described on page 33, note 11 of the annual report and audited financial statements of the Company for the period ended 31 March 2011, incorporated by reference into this document, the Company has not entered into any related party transactions (as defined under IFRS) between 24 November 2009 (being the date of incorporation of the Company) and the date of this document).

Save for the transaction described in note 4 of the historical financial information set out in Part 9 of this document relating to Fund I, Fund I has not entered into any related party transactions (as defined under US GAAP) between 23 November 2009 (being the date of establishment of Fund I) and the date of this document.

12. TAXATION

The following information, which relates only to UK and Guernsey taxation, is applicable to the Company and certain types of investors.

Prospective investors should note that the statements below are of a general nature and are based on current tax law and current published tax authority practice, as of the date of this document, both of which are subject to change, possibly with retrospective effect. In particular, the levels and basis of, and reliefs from, taxation may change and this may alter the benefits of investment in the Company.

The information does not constitute legal, tax or investment advice and is not exhaustive and, if prospective investors are in any doubt as to the tax consequences of acquiring, holding or disposing of their investments, they should consult their professional advisers without delay.

It is the responsibility of all persons interested in purchasing Shares to inform themselves regarding any tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of Shares.

Guernsey Taxation

The following summary of the anticipated tax treatment in Guernsey of the Company is based on Guernsey taxation law and practice in force at the date of this document and does not constitute legal or tax advice. Prospective investors should consult their professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Shares under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that tax rules and practice and their interpretation may change.

General

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 by the Director of Income Tax in Guernsey for the current year. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is and will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey, other than from a relevant bank deposit. It is anticipated that no income other than bank interest will arise in Guernsey and therefore the Company will not incur any additional liability to Guernsey tax.

Conditional upon the Resolutions being approved, the Company's application for continued exempt status will be made in respect of the Company as a whole, including any cells that are created, and the fee payable for exempt status will not be dependent upon the number of cells comprised in the Company.

In keeping with its ongoing commitment to meet international standards, Guernsey is currently undertaking a review of its corporate tax regime. Until such time as the review is complete, the existing corporate tax regime remains in place. At the date of this document, no announcements have been made regarding specific changes to Guernsey's tax regime or the timing of implementation of any changes that may arise as a result of the review. However, it is currently anticipated that such changes (if any) will not affect the current operation of the exempt company regime in Guernsey.

Shareholders

In the case of Shareholders who are not resident in Guernsey for tax purposes the Company's distributions can be paid to such Shareholders without giving rise to a liability to Guernsey income tax, nor will the Company be required to withhold Guernsey tax on such distributions.

Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm) will incur Guernsey income tax at the applicable rate on a distribution paid to them by the Company. The Company will be required to provide the Director of Income Tax in Guernsey such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. Provided the Company maintains its exempt status, there would currently be no requirement for the Company to withhold tax from the payment of a distribution to a Guernsey resident Shareholder. Furthermore, exempt companies are currently not subject to the deemed distribution provisions of the Income Tax (Guernsey) Law, 1975, as amended.

The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in the Shares, with details of the interest.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Shares in the Company.

UK Taxation

The following statements are intended to address only certain UK tax consequences for Shareholders who are resident and, in the case of individuals, resident, ordinarily resident and domiciled in the UK (except where expressly stated otherwise), who are beneficial owners of the Shares and the dividends on those Shares and who hold the Shares as capital assets. They may not apply to certain classes of Shareholders including (but not limited to):

(i) dealers in securities;

(ii) employees;

(iii) persons who control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, (a) 10 per cent. or more of the Shares, (b) 10 per cent. or more of the voting power of the Company, or (c) any other interests in the Company, whether debt, equity or otherwise; or

(iv) persons who acquire Shares pursuant to the Firm Placing and Placing and Open Offer other than for bona fide commercial reasons or who have a tax avoidance purpose or motive, may be subject to a materially different tax treatment.

The following statements assume that the Company will not be resident in the UK for UK tax purposes and would, apart from its exempt tax status in Guernsey, be resident for tax purposes in and only in Guernsey.

If Shareholders are resident, ordinarily resident or domiciled for tax purposes in a jurisdiction other than the UK, or if Shareholders are unsure as to any aspect of their tax treatment, they should consult their own tax advisers.

Conversion to a PCC

The conversion of the Company to a PCC whereupon the Existing Shares will become the 2009 Shares, should be regarded as a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. Accordingly, holders of Existing Shares should not be treated as having disposed of the Existing Shares and no liability to UK tax on chargeable gains should arise in respect of this reclassification. The 2009 Shares should be treated as the same asset as the Existing Shares acquired at the same time and for the same consideration as the original shares were acquired.

In addition, the alteration of rights attaching to shares can be subject to certain UK anti-avoidance provisions commonly referred to as the "transactions in securities legislation". These provisions can apply where there is a UK income tax or UK corporation tax advantage. However, clearance has been obtained from HMRC that these provisions will not apply to the Conversion.

Taxation of Dividends

The Company will not be required to withhold UK tax at source when paying a dividend.

UK resident individual Shareholders who receive a dividend from the Company, and who hold less than 10 per cent. of the issued share capital of the Company, will generally be entitled to a tax credit equal to one-ninth of the dividend payment, which can be set against the individual's income tax liability on the dividend payment.

Such UK resident individual Shareholders will generally be taxable on the total of the dividend payment and the tax credit (the "gross dividend"), which will be regarded as the top slice of the Shareholder's income. The tax credit will discharge the individual's liability to income tax on the gross dividend, except to the extent the gross dividend falls above the threshold for higher rate income tax. Where the higher rate applies, the Shareholder will be subject to income tax on the gross dividend at a rate of 32.5 per cent. (and 42.5 per cent. for those where taxable income exceeds £150,000). The Shareholder will be able to set the tax credit off against this liability such that the individual will be liable to income tax at an effective rate of 25 per cent. of the dividend payment (and 36 per cent. for those where taxable income exceeds £150,000).

As noted below, the Cells may be subject to the offshore fund regime which came into force on 1 December 2009. Whilst the Company has been advised that neither of the Cells should be classified as an offshore fund within the meaning of the new legislation, the law remains subject to regulatory change at HMRC's discretion (subject to Parliamentary approval). In addition, there is a risk that if HMRC's interpretation of the relevant legislation on which they have published guidance should change, then the advice obtained by the Company may be subject to revision.

If either of the Cells were an offshore fund at any time in a relevant period, and if the Cell's market value of "qualifying investments" (which includes, *inter alia*, money placed at interest and securities) exceeds 60 per cent. of the market value of all the assets of the Cell (excluding cash awaiting investment), then a dividend or any distribution paid by the Cell will be treated when received by a UK tax resident individual as interest (with no tax credit available and at tax rates applicable to interest) and not as a dividend or any other type of distribution. When considering the position of each Cell, it is necessary to include its interest in Fund I's investment portfolio or Fund II's investment portfolio as applicable.

In principle, UK tax resident corporate Shareholders will be liable to corporation tax on dividends received from the Company (currently chargeable at 26 per cent., although reduced rates may apply in certain cases). The Finance Act 2009 introduced in Part 9A of the Corporation Tax Act 2009 a comprehensive set of rules governing the taxation of dividends and other distributions received by a company liable to UK corporation tax from another company (tax resident in the UK or not). A UK tax resident corporate Shareholder may well be exempt from UK tax on dividends paid by the Company, but prospective investors should seek their own specialist advice in relation to how these new rules affect them.

If either of the Cells were an offshore fund at any time in the relevant period, and if that Cell's market value of qualifying investments (which includes, *inter alia*, money placed at interest and securities) exceeds 60 per cent. of the market value of all assets of that Cell (excluding cash awaiting investment), then a shareholder subject to UK corporation tax may be subject to corporation tax on its shareholding in that Cell as a loan relationship and determined on the basis of fair value accounting. Prospective investors should seek their own specialist advice in relation to how these rules may affect them.

UK offshore fund rules

The Finance Act 2009 contained changes to the offshore fund regime which came into force on 1 December 2009. In principle, an investment in the 2009 Cell or the 2012 Cell will be an interest in an offshore fund for the purposes of these rules if (*inter alia*) a reasonable investor would expect to be able to realise all or part of his investment in either the 2009 Cell and/or the 2012 Cell on a basis calculated entirely, or almost entirely, by reference to the net asset value of the relevant Cell's property. However, the relevant Cell will not constitute an offshore fund if a reasonable investor participating in it would expect to realise his investment on a basis calculated entirely, or almost entirely, by reference to net asset value only on the winding up, dissolution or termination of the relevant Cell and the relevant Cell is not designed to wind up, dissolve or terminate on a specified or determinable date. In the light of this provision and the characteristics of the 2009 Cell and the 2012 Cell, the Board believes that neither the 2009 Shares nor the 2012 Shares should amount to interests in an offshore fund. If HMRC's interpretation of the legislation should change, then the advice obtained by the Company may be subject to revision.

Disposal of Shares

Shareholders who are UK tax resident individuals or otherwise not within the charge to corporation tax will generally be liable to capital gains tax on a disposal or deemed disposal of Shares at the current rate of 28 per cent. depending on their circumstances and subject to any available exemption or relief.

Shareholders within the charge to UK corporation tax will generally be subject to corporation tax, currently chargeable at 26 per cent., on chargeable gains in respect of any gain arising on a disposal or deemed disposal of Shares depending on their circumstances and subject to any available exemption or relief. Indexation allowance may be available, but this can only apply to reduce any chargeable gain arising on disposal of the Shares, not to create or increase a capital loss.

Certain other tax considerations

Individual Shareholders ordinarily resident in the UK should note the provisions of sections 714 to 751 (inclusive) of the Income Tax Act 2007 which could render them liable to income tax on the income arising to a person who is resident or domiciled outside the UK such as the Company. These provisions seek to prevent avoidance of income tax by UK resident individuals transferring assets to persons who are resident or domiciled outside the UK where the transferor (i.e. the UK resident individual) has, or is deemed to have, power to enjoy the income of the non-resident/non-domiciled transferee. However, the provisions do not apply if such a Shareholder can satisfy HMRC that, either:

(i) it would not be reasonable to conclude from all the circumstances of the case that avoiding liability to tax was the purpose or one of the purposes of effecting the transaction; or

(ii) the transaction was a genuine commercial transaction and it would not be reasonable to conclude from all the circumstances of the case that one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

UK tax legislation contains provisions at sections 747 to 756 of the Income and Corporation Taxes Act 1988 that can act to attribute the profits of non-resident companies to UK tax resident corporate shareholders deemed to hold an interest of at least 25 per cent. of the non-UK resident company's profits. The legislation applies if the non-UK resident company is controlled by UK resident shareholders. It seeks to impose a UK corporation tax charge on UK resident shareholders on their proportion of the non-resident company's profits. Draft legislation to be included in the Finance Bill 2012 to replace the existing legislation was published on 6 December 2011. This will be subject to

continued consultation before becoming law as part of the Finance Act 2012. Corporate shareholders should monitor any changes made to the draft legislation and how these may affect them.

Investors should also note the rules in section 13 of the Taxation of Chargeable Gains Act 1992 which look through non-resident closely controlled companies to UK residents who are participators in the company. Such UK residents may be liable to capital gains tax or corporation tax on chargeable gains on a proportionate share of the Company's capital gains. However, these rules apply only to Shareholders who together with connected persons (the connection test is very broad) would be attributed a share of more than 10 per cent. of the Company's capital gains.

UK inheritance tax arises on transfers of assets triggered by death or made within the seven years preceding death and on certain transactions involving trusts. Broadly, the tax is chargeable on worldwide assets (in the case of UK domiciled individuals). Inheritance tax is only charged on estates consisting of relevant assets worth more than the "nil rate band" (£325,000 for the 2011/12 tax year and tax years up to and including 2014/15) at the time of death (including the value of assets transferred in the seven preceding years). Since October 2007 it has been possible for spouses' and civil partners' individual allowances to be transferred between them. The "nil rate band" is also used when calculating chargeable lifetime transfers.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. These comments apply irrespective of the tax residence or domicile of the Shareholder.

No UK stamp duty or SDRT will be payable on the issue of the Shares.

UK stamp duty may be chargeable (generally at the rate of 0.5 per cent. of the amount or the value of the consideration for the transfer, rounded up where necessary to a multiple of £5) on any instrument of transfer of Shares executed in the UK or which relates to any property situated, or any matter or thing done or to be done, in the UK. If an instrument of transfer is chargeable to UK stamp duty, that instrument may not be produced in civil proceedings in the United Kingdom, and may not be available for any other purpose in the United Kingdom, until any United Kingdom stamp duty that is due, and any interest and penalties for late stamping, have been paid.

Any agreement to transfer Shares, including any transfer effected through CREST, should not be subject to SDRT, provided that the Shares are not and will not be registered in any register of the Company kept in the UK and that the Shares are not and will not be paired with shares issued by a company incorporated in the UK.

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

Prospective purchasers of any 2012 Shares who are citizens of, or domiciled or resident in (or otherwise subject to the tax or other laws of), a jurisdiction outside the UK should consult their own professional advisers with respect to the potential tax, exchange control and other consequences to them of acquiring, holding and disposing of Shares under the laws of their country of citizenship, domicile or residence.

13. WORKING CAPITAL

The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.

14. LITIGATION

14.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document, which may have, or have had, in the recent past a significant effect on the Company's financial position or profitability.

14.2 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Fund I is aware) during the 12 months prior to the date of this document, which may have, or have had, in the recent past a significant effect on Fund I's or any of its subsidiaries' financial position or profitability.

14.3 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Fund II is aware) during the 12 months prior to the date of this document, which may have, or have had, in the recent past a significant effect on Fund II's financial position or profitability.

15. FIRM PLACING AND PLACING AND OPEN OFFER

In connection with the Firm Placing and Placing and Open Offer, the Company, the Fund II GP, the Consultant and Numis entered into the Placing Agreement on 19 December 2011. The Placing Agreement is conditional on, *inter alia*, Admission taking place on 13 January 2012 (or such later date as may be agreed between the Company and Numis being no later than 31 January 2012).

The principal terms of the Placing Agreement are as follows:

15.1 Numis has agreed, as agent of the Company, to use its reasonable endeavours to procure subscribers for the Firm Placed Shares and Conditional Placed Shares at the Issue Price. The Firm Placing and Placing and Open Offer are not being underwritten;

15.2 in respect of each Shareholder, there shall be calculated the number of 2012 Shares that such Shareholder would need to subscribe for in order to maintain its proportionate interest in the Company immediately before the issue of the 2012 Shares (the "Proportionate Amount"). The Company has, provided the Placing Agreement becomes unconditional, agreed to pay Numis a corporate finance fee of £250,000 and placing commissions at the rates of 1.35 per cent. of the proceeds attributable to the 2012 Shares subscribed for by Shareholders up to or equalling their respective Proportionate Amounts and 2 per cent. in respect of the proceeds attributable to the 2012 Shares subscribed for by other placees procured by Numis. Numis has agreed to pay some of its placing commissions to introduction agents in relation to such 2012 Shares that may be subscribed for by those subscribers who are introduced to the Firm Placing and Placing and Open Offer by the introduction agent. The introduction agent may elect at its discretion to retain this commission, in whole or in part, for its own account, or to pay all or any part of such commission to the underlying subscribers. No placing commission will be payable in respect of any 2012 Shares as are subscribed for, directly or indirectly, (i) as principal or trustee of any family trust, by Jon Moulton, Mark Aldridge, Nick Sanders, (ii) any member or employee of the Consultant, (iii) any of the Directors or (iv) any of the connected persons of such persons mentioned in (i), (ii) or (iii);

15.3 the Company has agreed to pay all of the properly incurred costs and expenses of and incidental to the Firm Placing and Placing and Open Offer and related arrangements together with any applicable VAT, such amounts to be attributed to the 2012 Cell deducted from the proceeds of Firm Placing and Placing and Open Offer;

15.4 the parties have agreed that with effect immediately on Conversion, all of the Transaction Liabilities shall be attributed to the 2009 Cell and with effect immediately on Admission all of the Transaction Liabilities shall be transferred from the 2009 Cell and attributed to the 2012 Cell and the 2009 Cell shall have no liability after Admission in relation to the Transaction Liabilities;

15.5 the Company has given certain warranties to Numis as to the accuracy of the information in this document and as to other matters relating to the Company and Fund II. The Fund II GP and the Consultant have also given certain warranties to Numis as to certain information in this document and as to themselves. The Company has given an indemnity to Numis in respect of any losses or liabilities arising out of the proper performance by Numis of its duties under the Placing Agreement and the Fund II GP and the Consultant have given an indemnity to Numis in respect of their respective obligations; and

15.6 Numis may terminate the Placing Agreement before Admission in certain circumstances, including for breach of the warranties referred to above.

Jon Moulton has agreed to guarantee the obligations under the Placing Agreement of the Fund II GP for so long as he is involved with both the Fund II GP and the Consultant. His liability under the guarantee is limited to £500,000.

16. MATERIAL CONTRACTS

The Company

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

16.1 ***Previously disclosed material contracts of the Company***

The placing agreement described under Part 10, paragraph 14 of the 2010 Prospectus and the material contracts of the Company described in Part 10, paragraph 15 of the 2010 Prospectus are material contracts and the information contained in Part 10, paragraphs 14 and 15 of the 2010 Prospectus are incorporated by reference into this document. In addition:

Fund I Partnership Agreement Amendment Agreement

The Company has entered into an agreement dated 15 December 2011 with Fund I GP and Fund I Special Limited Partner under the terms of which the Fund I Partnership Agreement has been updated and amended to reflect certain revised terms under the Fund II Partnership Agreement. In particular, pursuant to the Fund I Partnership Agreement Amendment Agreement:

- The Fund I GP is obliged, pursuant to the Fund I Partnership Agreement, to use all of its reasonable endeavours to ensure that, at all material times, it has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are, in the Fund I GP's reasonable opinion necessary or desirable for the performance of the Fund I GP's obligations under the Fund I Partnership Agreement; and
- The Fund I GP is also obliged, pursuant to the Fund I Partnership Agreement, to ensure that at all material times each of its associates which provide services to or in respect of Fund I (including the Consultant) has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are in the Fund I GP's reasonable opinion, necessary or desirable for the performance of their obligations to or in respect of Fund I.
- The Fund I GP is obliged to notify the Company acting in relation to the 2009 Cell promptly of any notification received by it from the Consultant under the terms of the Fund I Consultancy Services Agreement in respect of conflicts of interest, if any, which the Consultant (acting reasonably) determines as affecting (or reasonably likely to affect) the Consultant's duties to any material degree.

16.2 ***Better Capital Fund II Partnership Agreement***

Commitment and drawdown

The Fund II Partnership Agreement will be entered into on or before Admission. Under the terms of the Fund II Partnership Agreement the Company will contribute the Net Placing Proceeds to Fund II.

Fund II Investment Period

The Fund II Investment Period is the period from the date on which Fund II receives the Net Placing Proceeds from the 2012 Cell (which the Company intends to be within five Business Days of Admission) to 31 December 2014 or, if the Company acting through its Directors in relation to the 2012 Cell increases its commitment to Fund II pursuant to a Follow-on Fundraising or a parallel vehicle is established as described in paragraph 3 of Part 4, such longer period as the 2012 Cell and the Fund II GP may agree, provided that such period may be extended by up to 12 months by the Fund II GP with the consent of the Company acting through its Directors in relation to the 2012 Cell. The Fund II Investment Period will be suspended in the event of an "Executive Departure", being where Jon Moulton (as the "key executive" for the purposes of the Fund II Partnership Agreement, or his replacement as such) dies or is (in the opinion of the Fund II GP, acting reasonably) either permanently incapacitated or otherwise unable or unwilling to devote such time to the business affairs of BECAP GP II as is reasonably necessary to enable the proper performance by BECAP GP II of its duties as general partner of Fund II, and Fund II will not be permitted to make any new investments or Follow-on Investments (other than where a binding obligation has been entered into before that

date). If after the expiry of six months from the date of an Executive Departure such suspension has not been lifted, the Fund II Investment Period will terminate.

With the prior consent of the Company acting in relation to the 2012 Cell (such consent not to be unreasonably withheld), the Fund II GP or any of its associates may at any time, in addition to Fund II, establish one or more additional pooled investment vehicles formed for the sole purpose of co-investing with Fund II, to the extent the Fund II GP determines, in its absolute discretion, that forming one or more such parallel vehicles with the same investment policy and investment restrictions as Fund II is desirable to accommodate the requirements of prospective investors. Any such parallel vehicle will have the same investment policy, objectives and restrictions as the Partnership and shall otherwise be offered to prospective investors on terms similar to those of the Partnership, provided that the Company acting in relation to the 2012 Cell may, in giving the prior consent referred to above, approve such different terms as it deems fit.

Fund II shall enter into a co-investment agreement with the other parallel vehicles (if any) which shall provide that, subject to the terms of the Fund II Partnership Agreement and to applicable legal, tax, regulatory or similar considerations, Fund II and such parallel vehicles shall contribute to investments *pro rata* to their respective total commitments and shall make and sell investments on substantially the same terms and conditions and at substantially the same time and shall also bear their share of all expenses and liabilities *pro rata*.

The Fund II GP may make such variations to the Fund II Partnership Agreement as it deems necessary in connection with the establishment of any parallel vehicle, provided that such variations are approved by the Company acting in relation to the 2012 Cell and by the Fund II Special Limited Partner.

Co-investment opportunities

Without prejudice to co-investment by any parallel vehicles, to the extent to which part of any investment opportunity will or does remain available following investment by Fund II, then the Fund II GP may offer the remaining portion of such investment opportunity to any such persons as the Fund II GP may, in its sole discretion, decide (who may be associates of the Fund II GP or the Consultant). A co-investment opportunity offered by the Fund II GP to any other person shall be on such terms as the Fund II GP may decide. However, such terms will not be more favourable than the terms upon which Fund II has agreed to invest.

Admission of new partners

No further limited partners will be admitted to Fund II without a variation to the Fund II Partnership Agreement, which would require the consent of the Company acting in relation to the 2012 Cell (which shall seek the approval of the holders of the 2012 Shares before consenting).

Withdrawal of partners

Except as may be agreed with the Fund II GP, no limited partner shall have the right to withdraw from Fund II.

Transfer of interests

No sale, assignment, transfer, exchange, pledge, encumbrance or other disposition of all or any limited partner's interest whether direct or indirect, voluntary or involuntary shall be valid or effective except with the Fund II GP's prior written consent, which will not be unreasonably withheld or delayed.

Valuations; Fair Value Standards

The Fund II GP will determine (or procure the determination of) the value of all investments held by Fund II as at each accounting date and each date falling six months thereafter. The value of each investment will be the acquisition cost of that investment less any provision (as determined by the Fund II GP) for any diminution in value of such investment.

The Fund II GP will also prepare a statement showing the Fund II GP's determination of the fair value of each investment at each accounting date and each date falling six months thereafter. For the purposes of the preparation of the fair value statement, quoted investments will be valued at a price equal to: (i) the last available closing bid price on the relevant market; or (ii) if there has been no trading in respect of that particular investment, the Fund II GP's best estimate

of fair market value for that investment. For all other investments, the Fund II GP shall value these on such date as and in such manner as it may reasonably determine. The Fund II GP will, however, value all investments in accordance with The International Private Equity and Venture Capital Valuation Guidelines developed by the Association Française des Investisseurs en Capital, the British Venture Capital Association and the European Private Equity and Venture Capital Association. Each fair value statement prepared by the Fund II GP shall be sent to the Company and the Fund II Special Limited Partner within 45 business days of the date to which it relates.

Fund II GP's Share

The Fund II GP is entitled to receive and there will be allocated to the Fund II GP in each accounting period the following:

(i) in the Fund II Investment Period, an amount equal to 1.5 per cent. per annum of Gross Placing Proceeds (such amount being calculated on a time-apportioned basis so as to reflect the increase in Gross Placing Proceeds following any Follow-on Fundraising); and

(ii) in the period from the end of the Fund II Investment Period until the dissolution of Fund II, an amount equal to 1.5 per cent. per annum of the cumulative acquisition cost of investments which have not been realised (adjusted downwards to reflect any write down in such acquisition costs by the Fund II GP).

The amount of the Fund II GP Share will, on an on-going basis during the life of Fund II, be reduced or increased as necessary to ensure that the Fund II GP bears the cost of any broken deal costs to the extent that the aggregate broken deal costs over the life of Fund II exceed the aggregate transaction fees received by Fund II over the life of Fund II.

Distributions of proceeds of investment

Each amount of income and capital proceeds received by the Fund II will be distributed in the following order of priority:

(i) first, to the Fund II GP until the Fund II GP has received distributions equal to the Fund II GP's Share;

(ii) second, to the extent of any excess, to the 2012 Cell until the sum of the Fund II NAV and all amounts notified to the Fund II GP by the Company in respect of the 2012 Cell as having been distributed (by whatever means) by Company in respect of the 2012 Cell to its Shareholders (including tax credits and withholdings) is equal to 135 per cent. of the Gross Placing Proceeds;

(iii) third, to the extent of any excess, equally to the 2012 Cell and the Fund II Special Limited Partner until the Fund II Special Limited Partner has received an amount equal to 20 per cent. of the excess of the sum of: (a) the Fund II NAV; (b) all amounts notified to the Fund II GP by the Company in respect of the 2012 Cell as having been distributed (by whatever means) by the Company in respect of the 2012 Cell to its Shareholders (including tax credits and withholdings); and (c) all amounts distributed to the Fund II Special Limited Partner, over the Gross Placing Proceeds;

(iv) fourth, to the extent of any excess, 80 per cent. to the Company and 20 per cent. to the Fund II Special Limited Partner until the Fund II Special Limited Partner has received an amount equal to 20 per cent. of the excess of the sum of:

  (a) the Fund II NAV;

  (b) all amounts notified to the Fund II GP by the 2012 Cell as having been distributed (by whatever means) by the Company in respect of the 2012 Cell to the holders of the 2012 Shares (including tax credits and withholdings); and

  (c) all amounts distributed to the Fund II Special Limited Partner, over the Gross Placing Proceeds; and

(v) fifth, to the extent of any excess, 100 per cent. to the Company in respect of the 2012 Cell.

All distributions of capital proceeds shall be distributed as soon as practicable after the relevant amounts have been received by Fund II and income profits shall be distributed at such time as the Fund II GP may determine.

Limitations on distributions

Income and capital proceeds may be retained by Fund II for any purpose permitted by the Fund II Partnership Agreement, including for the purposes of making new or follow on investments. The Fund II GP is not obliged to cause Fund II to make any distribution:

(a) unless there is sufficient cash available therefore;

(b) which would render Fund II insolvent; or

(c) which, in the reasonable opinion of the Fund II GP, would or might leave Fund II with insufficient funds or profits to meet any future contemplated obligations, liabilities or contingencies (including the Fund II GP Share in respect of any accounting period).

Distributions in specie

Where investments have achieved or are about to achieve a quotation or where investments have a quotation (and provided that such investment is not subject to restrictions on any such distribution or any subsequent transfer), the Fund II GP shall be entitled to make a distribution of assets *in specie* in relation to the investment concerned. Any distribution *in specie* in relation to any investment which is about to achieve a quotation shall only be made once such investment has become a quoted investment.

Formation and ongoing expenses

The expenses incurred by Fund II, the Fund II GP or their respective associates in relation to or connected with the establishment and promotion of Fund II, including the costs of marketing and offering of interests as well as travel, legal, accountancy, printing, postage and other associated costs shall be borne by Fund II.

Directors' fees, transaction fees and broken deal costs

The Fund II GP, the Consultant and their respective associates will be entitled to accept and retain any directors' fees. All transaction fees, which for the avoidance of doubt shall include all fees or commissions received by the Fund II GP or any of its associates in connection with the making, holding or realising of any investment, but excluding those received by Fund II, will be paid by the recipient to Fund II and allocated to the 2012 Cell. No such amounts shall be credited against or reduce the Fund II GP's Share.

Fund II will also be responsible for any broken deal costs as well as all other expenses, direct or indirect, incurred in relation to the operation, administration and business of Fund II. Fund II will not, however, be responsible for overheads of the Fund II GP which include the fees of the Consultant, payable by the Fund II GP (from the Fund II GP's Share). However, each time it is payable, the amount of Fund II GP's Share will be (i) reduced (but not below zero, with any excess being carried forward) by the then current amount of any Excess Broken Deal Costs (as defined in the Fund II Partnership Agreement); or (ii) increased so as to reverse (in whole or in part) any previous reduction made under (i) above, to the extent that the then current Excess Broken Deal Costs are less than the Excess Broken Deal Costs at the time of the prior reduction.

Reports

The Fund II GP will prepare annual and interim accounts of Fund II for each accounting period in accordance with accounting practices as the Fund II GP may determine.

Meetings

The Fund II GP shall convene annual meetings of Fund II and may, whenever it thinks fit, convene other meetings of Fund II, in any case on not less than 21 days' written notice in advance. The quorum of such meetings shall be three partners (one of which shall be the Company acting in relation to the 2012 Cell) present in person or by proxy except if there are fewer than three partners, in which case the meeting shall be quorate if all partners attend. At any general meeting a resolution put to the vote of the meeting shall be validly adopted if approved by partners representing a single majority of Fund II Total Commitments.

Resources

The Fund II GP is obliged, pursuant to the Fund II Partnership Agreement, to use all of its reasonable endeavours to ensure that, at all material times, it has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are, in the Fund II GP's reasonable opinion necessary or desirable for the performance of the Fund II GP's obligations under the Fund II Partnership Agreement.

The Fund II GP is also obliged, pursuant to the Fund II Partnership Agreement, to ensure that at all material times each of its associates which provide services to or in respect of Fund II (including the Consultant) has or has available to it all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are, in the Fund II GP's reasonable opinion, necessary or desirable for the performance of their obligations to or in respect of Fund II.

Exclusivity

The terms of the Fund II Partnership Agreement provide as follows:

- The functions and duties which the Fund II GP undertakes on behalf of Fund II shall not be exclusive and the Fund II GP may perform similar functions and duties for others and, without limitation, may act as a general partner, manager or investment adviser of other funds or other investment vehicles (including any parallel vehicles) or engage in any other activity and retain any benefit received for so doing, provided, however, that the Fund II GP continues properly to manage the affairs of Fund II.
- During the Exclusivity Period, the Fund II GP shall, and shall use its reasonable endeavours to procure that its associates shall, first offer to Fund II and any parallel vehicles all investment opportunities of which the Fund II GP is aware and which, in the Fund II GP's opinion (acting reasonably), are available for investment by Fund II any parallel vehicles having regard to all the circumstances that the Fund II GP considers to be relevant. However, to the extent that any investment opportunity is also (in the Fund II GP's absolute discretion) suitable for investment by Fund I (such suitability to include the nature and size of the proposed investment and a consideration of the investment resources available to Fund I), such investment opportunity shall instead be offered to the Fund I GP (although, where Fund I is fully invested no such investment opportunity shall be deemed suitable for investment by Fund I). The Fund II Exclusivity Period will end at the earliest of: (a) the date on which 85 per cent. of Fund II Total Commitments have been committed or allocated to investments or Follow On Investments, or reserved against future obligations, or expenses and liabilities of, Fund II, including in respect of the Fund II GP's Share (or advances or loans in respect thereof); (b) the expiry of the Fund II Investment Period; (c) the dissolution of Fund II; and (d) BECAP GP II ceasing to be the general partner of Fund II.
- In the event that the Fund II GP (or any associate of the Fund II GP) deems that an investment opportunity is not suitable for Fund II and the parallel vehicles (if any), or such opportunity arises after the Exclusivity Period, then the Fund II GP (or any such associate) shall be free to offer such investment opportunity to any third party and may retain any fees, commission or other rewards in connection therewith.
- The Fund II GP (and its associates) may from time to time become involved, whether as promoter, sponsor, manager, adviser, distributor or otherwise, with the establishment, promotion and launch, or operation and management of any fund or collective investment scheme or arrangement, including any such fund or collective investment scheme or arrangement which has an investment objective or investment policy similar to that of Fund II (each such similar fund or collective investment scheme or arrangement, a "Successor Fund"), provided that no such Successor Fund having an investment objective or investment policy similar to that of Fund II shall hold a final closing or call any capital from its investors until the Exclusivity Period has expired. No parallel vehicle or Follow-on Fundraising or arrangements relating thereto will constitute a Successor Fund.

Conflicts of interest

The Fund II GP is obliged to notify the Company acting in relation to the 2012 Cell promptly of any notification received by it from the Consultant under the terms of the Fund II Consultancy Services Agreement in respect of conflicts of interest, if any, which the Consultant (acting reasonably) determines as affecting (or reasonably likely to affect) the Consultant's duties to any material degree.

Removal of Fund II GP

The Fund II GP may be expelled from Fund II at any time and without compensation for termination in the following circumstances:

(i) notice has been served on the Fund II GP requiring its expulsion, the Company having first approved the service of such notice; and

(ii) one or more of the following events has occurred:

  (a) the Fund II GP has committed a material breach of its obligations under the Fund II Partnership Agreement and such breach is not remedied within 28 days after receiving notice to remedy such breach; or

  (b) a final, binding, non-appealable finding by a court of competent jurisdiction of: (a) negligence or wilful misconduct on the part of the Fund II GP which has a material and adverse effect on Fund II; or (b) of fraud on the part of the Fund II GP in connection with the operation or management of Fund II; or

  (c) for so long as BECAP GP II is the Fund II GP, Jon Moulton ceasing to hold, directly or indirectly, a simple majority of the voting rights in the Fund II GP Company (as the general partner of BECAP GP II); or

  (d) the making of a preliminary or permanent injunction against the Fund II GP by order, judgment or decree of any court or regulatory authority in Guernsey or the United Kingdom which prevents the Fund II GP from engaging in or continuing any conduct or practice in connection with the activities of Fund II which materially and adversely affects Fund II; or

  (e) an order being made or an effective resolution passed for the liquidation or dissolution of the Fund II GP (other than a voluntary liquidation for certain purposes) or a receiver or similar officer has been appointed in respect of the Fund II GP or its assets, or the Fund II GP entering into an arrangement with its consultants or any of them or the Fund II GP being or being deemed unable to pay its debts.

Exculpation and indemnity

None of the Fund II Partnership Indemnified Persons shall have any liability for any liabilities, actions, proceedings, claims, costs, demands, damages and expenses (including legal fees) incurred by or threatened against Fund II or the partners arising in connection with the services to be performed under the Fund II Partnership Agreement or which arise in relation to the operation, business or activities of Fund II save in respect of any matter resulting from such Fund II Partnership Indemnified Persons' fraud, negligence (having had a material adverse economic effect on Fund II or its partners), wilful default or breach of any obligation under any legal or regulatory regime applicable to such Fund II Partnership Indemnified Person.

Fund II will indemnify the Fund II Partnership Indemnified Persons against all liabilities, actions, proceedings, claims, costs, demands, damages and expenses (including legal fees) incurred by or threatened against any Fund II Partnership Indemnified Person arising out of or in connection with or relating to or resulting from the Fund II Partnership Indemnified Person being or having acted as a general partner or manager or adviser in respect of Fund II or arising in respect of or in connection with any matter or other circumstance relating to or resulting from the exercise of its powers as a general partner or manager or adviser or from the provision of services to or in respect of Fund II or to the Fund II GP or under or pursuant to any agreement relating to Fund II or which otherwise arise in relation to the operation, business or activities of Fund II, provided that any Partnership Indemnified Person shall not be so indemnified with

respect to any matter where a court of competent jurisdiction has found that this results from their fraud, negligence (having had a material adverse economic effect on Fund II or its partners), wilful default or breach of obligation under any legal or regulatory regime applicable to such Fund II Partnership Indemnified Person.

Variations to the Fund II Partnership Agreement

Save as described below, the Fund II Partnership Agreement may only be amended (whether in whole or in part) by the written consent of the Company acting in relation to the 2012 Cell and the Fund II Special Limited Partner (and for the avoidance of doubt an amendment to the Fund II Partnership Agreement shall include an amendment to any of the investment objective, investment policy or investment restrictions).

The Fund II Partnership Agreement may be amended by the Fund II GP without the consent of the Company acting in relation to the 2012 Cell and the Fund II Special Limited Partner to: (i) to change the name of Fund II; (ii) where such amendment is necessary or, in the reasonable opinion of the Fund II GP, advisable to comply with the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), or any subordinate legislation, in each case for the time being; or (iii) to cure any ambiguity or correct or supplement any provision hereof which is incomplete or inconsistent with any other provisions hereof or correct any printing, stenographic or clerical error or omissions, provided that the Fund II GP in good faith believes that such amendment does not adversely affect the interests of the Company acting in relation to the 2012 Cell or the Fund II Special Limited Partner in any material respect.

Further terms of the Fund II Partnership Agreement are described in paragraph 22.1 of Part 6.

16.3 ***Receiving Agent Agreement***

The Company is party to an agreement for the provision of receiving agent services with Capita Registrars Limited (the "Receiving Agent") dated 16 December 2011, pursuant to which the Receiving Agent will, amongst other things, provide assistance in the preparation of the documents relating to the Open Offer, the form of proxy in connection with the Extraordinary General Meeting, the Non-CREST Application Form and the procedure for application and payment for Open Offer Entitlements. For provision of the receiving agent services, the Receiving Agent is entitled to receive a minimum aggregate advisory fee of £2,000, a minimum processing fee of £5,000 and additional fees for specific actions. The Receiving Agent Agreement continues until the completion of the receiving agent services unless terminated earlier due to a material breach by either party of its obligations which is not remedied within 14 days of receipt of a written notice from the other party requiring it to do so, or upon winding up or other insolvency event of either party. The Company will indemnify the Receiving Agent against all and any losses incurred by the Receiving Agent arising from the Company's breach of the Receiving Agent Agreement save to the extent such losses result from the gross negligence, fraud or wilful default of the Receiving Agent. The liability of the Receiving Agent is limited to an amount equal to five times the fee payable to the Receiving Agent. The Receiving Agent Agreement is governed by English Law.

16.4 ***Lock-in arrangements***

By way of a deed between Jon Moulton, the Company and Numis dated 16 December 2011, Jon Moulton has agreed that he shall not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 30 million of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the end of the Fund II Investment Period dispose of 21 million of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer. He has further undertaken that if he proposes to dispose of any such 2012 Shares from the first anniversary of the date of Admission until the end of the Fund II Investment Period he shall provide the Company and Numis (or any new broker appointed by the Company) with as much prior notice as is reasonably practicable of the proposed transaction, carry out such prior consultation with the Company and Numis during such notice period as is reasonably practicable in the circumstances in relation to such proposed transaction and conduct any proposed transaction having regard as is reasonable in the

circumstances to the Company's desire to ensure an orderly market for its shares. The notification and consultation provisions do not apply to a proposed disposal, that taken together with other disposals in the preceding 90 day period, does not reduce his shareholding by more than 2 per cent. of the total number of 2012 Shares in issue at the relevant time.

By way of a deed between Mark Aldridge, the Company and Numis dated 16 December 2011, Mark Aldridge has agreed that he shall not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 450,000 of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the end of the Fund II Investment Period dispose of 315,000 of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer.

By way of a deed between Nick Sanders, the Company and Numis dated 16 December 2011, Nick Sanders has agreed that he shall not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 450,000 of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the end of the Fund II Investment Period dispose of 315,000 of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer.

By way of a deed between John Caudwell, the Company and Numis dated 14 December 2011, John Caudwell has agreed that he shall not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 50 million 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the second anniversary of the date of Admission dispose of 70 per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer. John Caudwell has further agreed that, subject to certain exceptions, following the second anniversary of the date of Admission, if he proposes to dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer, he shall provide the Company and Numis (or any new broker appointed by the Company) with as much prior notice as is reasonably practicable of the proposed transaction, carry out such prior consultation with the Company and Numis during such notice period as is reasonably practicable in the circumstances in relation to such proposed transaction and conduct any proposed transaction having regard as is reasonable in the circumstances to the Company's desire to ensure an orderly market for its shares. The notification and consultation provisions do not apply to a proposed disposal, that taken together with other disposals in the preceding 90 day period, does not reduce his shareholding by more than 0.5 per cent. of the total number of 2012 Shares in issue at the relevant time.

By way of a deed between Brian Caudwell, the Company and Numis dated 14 December 2011, Brian Caudwell has agreed that he shall not: (i) during the period from Admission until the first anniversary of the date of Admission dispose of any of the 10 million 2012 Shares issued to him under the Firm Placing and Placing and Open Offer; and (ii) during the period from the day following the first anniversary of the date of Admission until the second anniversary of the date of Admission dispose of 70 per cent. of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer. Brian Caudwell has further agreed that, subject to certain exceptions, following the second anniversary of the date of Admission, if he proposes to dispose of any of the 2012 Shares issued to him under the Firm Placing and Placing and Open Offer, he shall provide the Company and Numis (or any new broker appointed by the Company) with as much prior notice as is reasonably practicable of the proposed transaction, carry out such prior consultation with the Company and Numis during such notice period as is reasonably practicable in the circumstances in relation to such proposed transaction and conduct any proposed transaction having regard as is reasonable in the circumstances to the Company's desire to ensure an orderly market for its shares. The notification and consultation provisions do not apply to a proposed disposal, that taken together with other disposals in the preceding 90 day period, does not reduce his shareholding by more than 0.5 per cent. of the total number of 2012 Shares in issue at the relevant time.

Better Capital Fund I

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by Fund I and are, or may be, material to Fund I:

16.5 ***Previously disclosed material contracts***

The placing agreement described under paragraph 14 of the 2010 Prospectus and the material contracts of the Fund described in paragraph 15 of the 2010 Prospectus are material contracts and the information contained in paragraphs 14 and 15 of the 2010 Prospectus are incorporated by reference into this document.

16.6 ***Fund I Consultancy Services Agreement Amendment Deed***

BECAP GP and the Consultant have entered into an agreement dated 15 December 2011 under the terms of which the Fund I Consultancy Services Agreement have been updated and amended to reflect certain revised terms under the Fund II Consultancy Services Agreement. In particular, pursuant to the Fund I Consultancy Services Agreement Amendment Deed:

- The Consultant has agreed that conflicts of interest, if any, which the Consultant (acting reasonably) determines as affecting (or reasonably likely to affect) the Consultant's duties to any material degree shall be disclosed to the Fund I GP.
- The Consultant has represented in the Fund I Consultancy Services Agreement that it will use all its reasonable endeavours to maintain all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are (in the Consultant's reasonable opinion) necessary for the proper provision of the Fund I Consultancy Services.

Better Capital Fund II

The following contracts (not being contracts entered into in the ordinary course of business) have been, or prior to Admission will be, entered into by Fund II and are, or may be, material to the Company or Fund II:

16.7 ***Placing Agreement***

This is summarised in paragraph 15 above.

16.8 ***Fund II Partnership Agreement***

This is summarised in paragraph 16.2 above.

16.9 ***Fund II Administration Agreement***

Fund II (acting by BECAP12 GP LP) will appoint Heritage conditional upon Conversion as administrator to provide certain administration and secretarial services which will entail, among other things, the maintenance of the accounts (including the capital accounts of the partners), the dispatching of all circulars, notices of meetings, reports, financial statements and other correspondence, the operating of the bank accounts of Fund II, ensuring that Fund II complies with all reporting and filing requirements of any regulatory authorities in Guernsey, in particular the Guernsey Financial Services Commission, the safekeeping of Fund II's documents, the preparation of unaudited half-yearly reports and accounts and the preparation of the annual report and accounts and calculating the value of Fund II's investments in accordance with the terms of the Fund II Partnership Agreement.

For provision of the administration services, the Administrator will be entitled to receive an annual fee based on the time spent at the Administrator's hourly rates subject to a minimum of £50,000 per annum. In respect of Fund II's set up and application to the Commission (encompassing Fund II, the Company and the Fund II GP Company) the Administrator will charge a fee based on hourly rates but capped at £30,000 in aggregate. In addition, the reasonably incurred out of pocket costs and expenses of the Administrator will be reimbursed.

The Fund II Administration Agreement shall continue until either Fund II or the Administrator gives notice to the other of not less than 90 days' notice in writing given so as to expire on the last day of any calendar month. The Fund II Administration Agreement will be terminated immediately on the occurrence of certain specified events or if either party commits a material

breach of its obligations and fails within 30 days of notice served on the party in breach, to remedy such breach.

The Administrator will not in the absence of negligence, fraud, wilful default or breach of the Fund II Administration Agreement, be liable for any loss, cost, expense or damage suffered by Fund II arising from or incurred in the course of the Administrator's duties. Fund II will indemnify the Administrator against all liabilities which may be suffered or incurred by the Administrator in respect of its duties under the Fund II Administration Agreement save to the extent that such liabilities result from negligence, fraud, wilful default or breach of the Fund II Administration Agreement. The Fund II Administration Agreement is governed by Guernsey law.

16.10 ***Fund II Consultancy Services Agreement***

The Fund II Consultancy Services Agreement will be entered into between BECAP GP II and the Consultant on or before Admission. Pursuant to the Fund II Consultancy Services Agreement BECAP GP II will appoint the Consultant to provide to it (and not, for the avoidance of doubt, to Fund II) the Fund II Consultancy Services, being certain research and information-gathering, accounting support and administrative consultancy services. In particular, having regard to the investment objective, investment policy and investment restrictions of Fund II, the Consultant will provide generic research and information in respect of each market sector and sub-sector in each geographic region relevant to the investment management activities of BECAP GP II in respect of Fund II. Further, and again having regard to the investment objective, investment policy and investment restrictions, the Consultant shall use reasonable endeavours to identify potential acquisition or disposal opportunities in respect of each market sector and sub-sector in each geographic region relevant to the investment management activities of BECAP GP II in respect of Fund II, providing basic initial information in respect of each such opportunity to BECAP GP II for its consideration. The Consultant will also provide, at the request of BECAP GP II, certain further services in respect of more directed information and research as well as certain other administrative and related matters.

The Fund II Consultancy Services Agreement expressly acknowledges that the Consultant is a consultant only, and will have no authority to and will not take investment decisions on behalf of, or give investment advice to, Fund II or BECAP GP II. Further, the Consultant shall have no authority to execute any documents on behalf of BECAP GP II (whether for itself or, for the avoidance of doubt, as general partner of Fund II) and the Consultant shall have no power or authority to act for or represent the BECAP GP II (for itself or as general partner, as above), to enter any transaction on behalf of, or in any way bind, BECAP GP II or Fund II or effect any dealings in the name of BECAP GP II or Fund II.

In the course of performing the Fund II Consultancy Services the Consultant will not be obliged to and shall not perform any service or undertake any activity which would, or would be reasonably likely to in the opinion of the Consultant, contravene the general prohibition in section 19 FSMA, the POI Law or any other law or regulation binding upon the Consultant. Accordingly:

16.10.1 the Consultant shall not provide or offer any of the Fund II Consultancy Services from within the Bailiwick of Guernsey;

16.10.2 where the Consultant provides any information, such information shall amount to objective factual reporting only, and shall not contain or amount to any advice on or recommendation of any particular course of action amounting to the giving of advice on investments within the meaning of article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ("RAO");

16.10.3 where the Consultant provides any services or undertakes any activities in respect of the arrangement of any investment transaction, such activities shall be restricted to activities which:

16.10.3.1 do not or would not bring about the transaction in question (but are merely incidental to it);

16.10.3.2 enable BECAP GP II, as a participant (in its capacity as general partner of Fund II) or potential participant in a transaction to communicate with the other parties in that transaction;

16.10.3.3 are carried on in respect of transactions which are to be entered into with or through a person authorised by the FSA under FSMA; or

16.10.3.4 are carried on in a manner which shall not otherwise amount to, or is excluded from, the regulated activity of arranging deals in investments (such term having the meaning used in the RAO or the POI Law);

and

16.10.4 the Fund II Consultancy Services are provided to BECAP GP II only and not to Fund II (although materials provided to BECAP GP II may be employed by BECAP GP II in the discharge of its functions as the general partner of Fund II) and, consequently, the Consultant shall have no role in the operation of Fund II, which activity shall be the sole responsibility of BECAP GP II as the general partner of Fund II.

The Fund II Consultancy Services Agreement provides that, in consideration of the provision of the Fund II Consultancy Services, the Consultant shall be entitled to be paid by BECAP GP II (and not Fund II) a fee in such amount as may be agreed between the parties from time to time, such fee being a minimum of £80,000 per calendar month (pro rated for part months), exclusive of VAT (if any).

The Fund II Consultancy Services Agreement shall commence on 13 January 2012 and shall continue in full force and effect until terminated (automatically and without further action by any party to that agreement) on the first to occur of:

16.10.5 date of the dissolution of BECAP GP II or Fund II;

16.10.6 the expiry of one year's written notice given by either party to the other, such notice not to expire on or before 31 December 2014; and

16.10.7 termination by notice of one party to the other upon the occurrence of one of several cause events.

In the event of termination of the Fund II Consultancy Agreement by BECAP GP II in circumstances where either:

16.10.8 BECAP GP II has ceased to be the Fund II GP in circumstances other than where an associate of BECAP GP II is appointed as general partner of Fund II; or

16.10.9 Jon Moulton has ceased to hold, directly or indirectly, a simple majority of the voting rights in the Fund II GP Company,

the Consultant will be entitled to receive (in addition to accrued but unpaid fees and expenses) the sum of £480,000 (less any fees received by the Consultant during any notice period prior to such termination). For the avoidance of doubt, such sum will be payable by BECAP GP II and not Fund II.

The Consultant will agree that, during the Fund II Exclusivity Period, it shall, subject to its duties to Fund I and the allocation of investment opportunities between Fund I and Fund II and any parallel vehicles, first present to BECAP GP II all investment opportunities of which it is aware and which are in its opinion (acting reasonably) available for investment by Fund II and any parallel vehicles having regard to all the circumstances that the Consultant considers to be relevant (including the investment objective, investment policy and investment restrictions of Fund II).

The Consultant will agree that conflicts of interest, if any, which the Consultant (acting reasonably) determines as affecting (or reasonably likely to affect) the Consultant's duties to any material degree shall be disclosed to the Fund II GP.

The Consultant will represent in the Fund II Consultancy Services Agreement that it will use all its reasonable endeavours to maintain all resources (financial or otherwise) and access to personnel, including without limitation employees and officers of sufficient relevant experience, skill and seniority which are (in the Consultant's reasonable opinion) necessary for the proper provision of the Fund II Consultancy Services.

None of the Consultant, any associate of the Consultant (other than BECAP GP II) or any officer, director, shareholder, agent, consultant, member, partner or employee of the Consultant, or of any

associate of the Consultant (other than BECAP GP II), or any person previously serving in any such capacity (but only to the extent that any action taken in respect of which indemnification or exculpation is sought relates to such prior service) (for the purposes of this paragraph, an "Indemnified Person") shall have any liability for any liabilities, actions, proceedings, claims, costs, demands, damages and expenses (including legal fees) (for the purposes of this paragraph, "Losses") incurred by or threatened against BECAP GP II or any of its associates or any of its officers or employees, save in respect of any matter where a court of competent jurisdiction has found that such Losses result from such Indemnified Person's fraud, negligence or wilful default; or any breach by that person of any binding obligations which that person may have under the legal or regulatory regime applicable to it. However, no claim shall be made against any such Indemnified Person, and no such Indemnified Person shall have liability for:

16.10.10 the acts or omissions of any person retained or employed by BECAP GP II, including any person through whom transactions in investments are effected for the account of Fund II, or any other party having custody, possession or control of any investments from time to time, or any clearance or settlement system;

16.10.11 any special, indirect or consequential loss or damages, or for lost profits or loss of business, arising out of or in connection with the performance or non-performance of its duties and obligations, or the exercise of its powers, under the Fund II Consultancy Services Agreement; or

16.10.12 any failure to fulfil or delay in fulfilling its duties hereunder or for the loss of, or damage to, any documents in its possession or under its control if such failure, loss or damage is caused directly or indirectly by act of God, war, enemy action, the act of any government or other competent authority, riot, civil commotion, terrorism, rebellion, storm, tempest, accident, fire, explosion, strike, lock-out, market conditions affecting the execution or settlement of transactions or the value of assets, any failure or breakdown in communications not within the control of the party affected by it, the failure of any exchange or clearing house or any other cause, whether similar or not, beyond its control.

BECAP GP II will also agree to indemnify and hold harmless the Indemnified Persons against any and all Losses incurred by or threatened against any Indemnified Person arising out of or in connection with or relating to or resulting from the provision of the Fund II Consultancy Services, provided however that any Indemnified Person shall not be so indemnified with respect to any matter where a court of competent jurisdiction has found that such Losses result from such Indemnified Person's fraud, negligence or wilful default; or any breach by that person of any binding obligations which that person may have under the legal or regulatory regime applicable to it.

The Company will enter into the New Broker Engagement Letter on behalf of itself and in relation to each of the 2009 Cell and the 2012 Cell with Numis on or before Admission. The New Broker Engagement Letter shall replace the Broker Engagement Letter and pursuant to which Numis has agreed to act for the Company on behalf of itself and in relation to each of the 2009 Cell and the 2012 Cell in relation to the provision of corporate broking services and certain buyback services with respect to the purchase of Shares. Numis has also agreed to provide certain other services to the Company on behalf of itself and in relation to each of the 2009 Cell and the 2012 Cell in connection with its role under the New Broker Engagement Letter which are standard for an agreement of this type. Under the New Broker Engagement Letter, the Company will agree to pay an annual retainer of £50,000 in respect of the broking services for the first 12 months which is payable quarterly in advance. The fees shall be attributed amongst the Cells in proportion to their respective NAV as at the time which the fees accrue. In relation to the buyback services under the Broker Engagement Letter, the Company has agreed to pay to Numis a commission equal to 0.5 per cent. or as otherwise agreed of the purchase price of Shares the subject of the buy-back together with any applicable taxes. The New Broker Engagement Letter is terminable by either the Company or Numis at any time. The New Broker Engagement Letter contains undertakings, warranties and indemnities given by the Company which are standard for an agreement of this type and it is governed by English law. Under the terms of the New Broker Engagement Letter, the liabilities shall be allocated amongst the Cells

and Numis will transact separately with each Cell in relation to the services to be provided under the New Broker Engagement Letter to the extent that such services are provided in relation to the Shares of the relevant Cell.

16.11 ***Voting Undertaking***

The Company is the beneficiary under separate letters of undertaking each dated 14 December 2011 entered into by way of deed severally John Caudwell and Brian Caudwell in favour of the Company and Numis under the terms of which each has given an undertaking to:

- vote in favour of any follow-on fundraising as described in section 3 of Part 4 of this document;
- vote in favour of any distributions or other returns of capital to holders of 2012 Shares or to holders of 2009 Shares at a time and in a manner which the Directors of the Company consider appropriate, and such manner of return of capital or gain to shareholders may include dividends and distributions, on-market purchases and/or off-market purchases of shares in the Company and/or a tender offer for shares in the Company and/or a redemption of shares in the Company; and
- conduct all agreements, arrangements, transactions and relationships with the Company on an arms' length basis.

17. CONSENT

17.1 Numis has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

17.2 BDO LLP has given and not withdrawn its written consent to the inclusion of its report set out in Part 10 of this document in the form and context in which it appears and has authorised the contents of that report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

18. MANDATORY BIDS, SQUEEZE OUT AND SELL OUT RULES RELATING TO THE SHARES

Following the Conversion, the Takeover Code will continue to apply to the Company as a whole and will not apply separately to the individual Cells.

18.1 Where, following Conversion, a voluntary offer is made:

18.1.1 if the offeror or its concert parties have acquired Shares in both Cells:

(a) within the three month period prior to the commencement of the offer period; or

(b) during the period, if any, between the commencement of the offer period and an announcement made by the offeror of a firm intention to make an offer; or

(c) prior to the three month period referred to in (a), if in the view of the Panel there are circumstances which render such a course necessary,

the offer would be required to be made on no less favourable terms in respect of both classes of Shares.

Accordingly the offer would be required to be made:

(i) for the latest purchased class of Shares at a price that is the higher of (a) the highest price paid therefor by the offeror or its concert parties and (b) a price calculated on a basis at least comparable with the offer being required to be made under paragraph 18.1.1(ii) below; and

(ii) for the second class of Shares at a price that is the higher of (a) the highest price paid therefor by the acquirer or its concert parties and (b) a price calculated on a basis comparable with the offer being required to be made under paragraph 18.1.1(i)(a) above.

18.1.2 if the offeror or its concert parties have acquired Shares in only one Cell during the periods stipulated in 18.1.1 (a), (b) or (c), the offer would be required to be made:

(i) for the class of Shares last purchased at the highest price paid therefor by the acquirer or its concert parties; and

(ii) for the second class of Shares on a basis at least comparable with the offer being required to be made under paragraph 18.1.2(i) above.

18.1.3 if the offeror or its concert parties have not acquired Shares in either Cell during the periods stipulated in 18.1.1 (a), (b) or (c), the offeror would be required to make an offer in respect of both classes of Share and the basis of such offers will be required to be comparable.

18.2 Under the Takeover Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the total voting rights in the Company (i.e. 30 per cent. or more of the aggregate voting rights of the Company regardless of the Cell to which they relate), the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer on the basis set out below for the outstanding Shares in the Company. This requirement would also be triggered by an acquisition of Shares by a person holding (together with its concert parties) Shares carrying between 30 and 50 per cent. of the total voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Where, following Conversion, such a mandatory cash offer is triggered:

18.2.1 if the acquirer or its concert parties have acquired Shares in both Cells during the previous 12 months, the mandatory cash offer would be required to be made:

(i) for the latest purchased class of Shares at a price that is the higher of (a) the highest price paid therefor by the offeror or its concert parties and (b) a price calculated on a basis at least comparable with the offer being required to be made under paragraph 18.2.1(ii)(a) below; and

(ii) for the second class of Shares at a price that is the higher of (a) the highest price paid therefor by the acquirer or its concert parties and (b) a price calculated on a basis comparable with the offer being required to be made under paragraph 18.2.1(i) above.

18.2.2 if the acquirer or its concert parties have acquired Shares in only one Cell during the previous 12 months, the mandatory cash offer would be required to be made:

(i) for the class of Shares last purchased at the highest price paid therefor by the acquirer or its concert parties; and

(ii) for the second class of Shares on a basis at least comparable with the offer being required to be made under paragraph 18.2.2(i) above.

18.3 Under the Takeover Code, in the case of any comparable offer, the ratio of the offer values would normally be equal to the average of the ratios of the middle market quotations over the course of the six months preceding the commencement of the offer period.

18.4 Shares may be subject to compulsory acquisition in the event of a takeover offer which satisfies the requirements of Part XVIII of the Companies Law, or in the event of a scheme of arrangement under Part VIII of the Companies Law.

In order for a takeover offer to satisfy the requirements of Part XVIII of the Companies Law, the prospective purchaser must prepare a scheme or contract (the "Offer") relating to the acquisition of the Shares and make the Offer to some or all of the Shareholders. If, at the end of a four month period following the making of the Offer, the Offer has been accepted by Shareholders holding 90 per cent. in value of the Shares affected by the Offer, namely the Shares of both Cells, the purchaser has a further two months during which it can give a notice (a "Notice to Acquire") to any Shareholder to whom the Offer was made but who has not accepted the Offer (the "Dissenting Shareholders") explaining the purchaser's intention to acquire their Shares on the same terms. The Dissenting Shareholders have a period of one month from the Notice to Acquire in which to apply to the Court for the cancellation of the Notice to Acquire. If the Notice to Acquire has not been cancelled by the Court by the end of that one month period, the purchaser may

acquire the Shares belonging to the Dissenting Shareholders by paying the consideration payable under the Offer to the Company, which will hold it on trust for the Dissenting Shareholders.

A scheme of arrangement is a proposal made to the Court by the Company in order to effect an "arrangement" or "reconstruction", which may include a corporate takeover in which the Shares are acquired in consideration for cash or shares in another company. A scheme of arrangement is subject to the approval of a majority in number of the Shareholders representing 75 per cent. in value of the Shareholders (or class of Shareholders) present and voting at a meeting of such Shareholders and subject to the approval of the Court in Guernsey. If approved, the scheme of arrangement is binding on all Shareholders.

In addition, the Companies Law permits the Company to effect an amalgamation, in which the Company amalgamates with another protected cell company to form one combined entity. The Shares would then be cell shares in the cells of the combined entity.

19. GENERAL

19.1 The total costs and expenses of, or incidental to, the Firm Placing and Placing and Open Offer and Admission, which are attributable to the 2012 Cell are estimated to be approximately £3.6 million (inclusive of value added tax) (assuming no take-up under the Open Offer). The expected net proceeds of the Firm Placing and Placing and Open Offer, after deduction of such costs and expenses (assuming no take-up under the Open Offer), is £154.6 million. No expenses of the Firm Placing and Placing and Open Offer are being specifically charged to subscribers under the Firm Placing and Placing and Open Offer. In the unlikely event that Admission does not occur, the costs of the aborted proposals shall be borne by BECAP GP.

19.2 The 2012 Shares will have no par value. The Issue Price will be payable in full on application.

19.3 The auditors of the Company and of Fund I and of Fund II are BDO Limited whose registered office is at Place du Pré, Rue de Pré, St Peter Port, Guernsey GY1 3LL. BDO Limited are chartered accountants and a member of the Institute of Chartered Accountants in England and Wales.

19.4 Numis, as Sponsor, is independent from the Company, the Fund I GP, the Fund II GP and the Consultant.

19.5 Neither the Company nor Fund II currently have any significant investments in progress and, other than in respect of the proposed investment in Fund II through the 2012 Cell, neither the Company nor Fund II have made any commitments concerning future investments. The Company will be a passive investor.

Enigmatic Investments Limited, a subsidiary of Fund I, made a cash offer for the entire issued share capital of Clarity on 29 September 2011 at 23 pence per share in Clarity, a premium of 7.75 pence to the previous closing price. On 11 November 2011, Enigmatic Investments Limited announced a revised offer of 25 pence per share in Clarity which remained open for acceptances until 1 December 2011. On 1 December 2011, Enigmatic Investments Limited announced that all of the conditions to its final offer for Clarity had been either satisfied or waived and that the final offer had become unconditional in all respects. As at 1.00 p.m. on 14 December 2011, Enigmatic Investments Limited had received valid acceptances in respect of 20,590,942 shares in Clarity representing 49.70 per cent. of the issued ordinary share capital of Clarity and Enigmatic Investments holds a total of 10,909,898 shares in Clarity, representing approximately 26.34 per cent. of the issued ordinary share capital of Clarity.

On 6 July 2011 an agreement was entered into by Fund I to acquire the UK and Irish businesses of Spicers, a pan-European supplier of stationery and office products, which is currently a subsidiary of DS Smith Plc. Under the agreement, Unipapel SA will acquire all of the Spicers businesses and immediately sell the UK and Irish businesses to Fund I. The agreement is conditional upon the proposed disposal of Spicers by DS Smith Plc to Unipapel SA being completed, which is subject to formal clearances in respect of European merger control, by the relevant works council and by the UK pension regulator. Fund I has committed £40.0 million and deposited £32.0 million in an escrow account set up to effect the transaction.

Save for the transactions involving Clarity and Spicers, Fund I has no significant investments in progress nor has Fund I made any commitment concerning future investments.

19.6 Save (as regards the Company only) in respect of the Trade Mark and Domain Name Licence, details of which are set out in paragraph 15.6 of Part 10 of the 2010 Prospectus and which information is incorporated by reference into this document, the Directors are not aware of any patents or other intellectual property rights, licences, particular contracts or manufacturing processes on which the Company or Fund I or Fund II is dependent.

19.7 Neither the Company nor Fund I nor Fund II have any borrowings or indebtedness (other than in respect of capital contributed to Fund I or Fund II by its limited partners) and have not created any charge or security interest over or attaching to its respective assets.

19.8 The Existing Shares are admitted to the Official List of the UK Listing Authority (listing category premium equity closed ended investment funds) and to trading on the main market of the London Stock Exchange and save in relation to the application for Admission of the 2012 Shares, none of the Shares have been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Shares on any such exchange.

19.9 There has been no significant change to the Company's financial or trading positions since 30 September 2011, the date at which the financial information in Part 9 is prepared.

19.10 There has been no significant change to Fund I's financial or trading positions since 30 September 2011, the date at which the financial information in Part 11 is prepared.

19.11 There has been no significant change to Fund II's financial or trading positions since the date of establishment of Fund II.

19.12 The Fund II GP is a limited partnership registered in Guernsey pursuant to The Limited Partnerships (Guernsey) Law, 1995, as amended, registered on 17 November 2011 with registration number 1557 and having a duration linked to the duration of Fund II (or any successor limited partnership) (subject to certain exceptions). Its registered office is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY and the telephone number of its registered office is 01481 716000.

19.13 The Fund I GP is a limited partnership registered in Guernsey pursuant to The Limited Partnerships (Guernsey) Law, 1995, as amended, registered on 23 November 2009 with registration number 1244 and having a duration linked to the duration of Fund I (or any successor limited partnership) (subject to certain exceptions). Its registered office is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY and the telephone number of its registered office is 01481 716000.

19.14 The Administrator is a company limited by shares incorporated in Guernsey on 15 February 2006 with registration number 44336 and licensed by the Commission, on 20 March 2006. Its registered office is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY and the telephone number for its registered office is 01481 716000.

19.15 The Company is designed to be suitable for institutional and other sophisticated or professional investors who wish to invest in an investment that seeks to generate total returns, primarily through capital appreciation, who are capable themselves of evaluating the merits and risks of the investment and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment. The Board is aware that since the Company's launch a number of private investors have purchased Shares in the secondary market. Such Shareholders may wish to consult an appropriately authorised independent financial adviser before subscribing for 2012 Shares through the Open Offer.

19.16 Fund I was established for the purpose of facilitating investment by the Company, through Fund I, in a portfolio of distressed businesses. Apart from the Company, the Fund I Special Limited Partner is the only other limited partner in Fund I and no one else can become a limited partner in Fund I without the consent of the Company acting in relation to the 2009

Cell. Accordingly, Fund I is designed to be suitable for feeder funds such as the Company, limited partners such as the Special Limited Partner for the purpose of receiving Carried Interest and institutional and other sophisticated or professional investors.

19.17 Fund II was established for the purpose of facilitating investment by the Company, through Fund II, in a portfolio of distressed businesses. Apart from the Company, the Fund II Special Limited Partner is the only other limited partner in Fund II and no one else can become a limited partner in Fund II without the consent of the Company acting in relation to the 2012 Cell. Accordingly, Fund II is designed to be suitable for feeder funds such as the Company, limited partners such as the Special Limited Partner for the purpose of receiving Carried Interest and institutional and other sophisticated or professional investors.

19.18 The business address of each of the Fund I GP Company Directors is the registered office of Fund I.

19.19 The business address of each of the Fund II GP Company Directors is the registered office of Fund II.

19.20 The business address of each of the Directors is the registered office of the Company.

19.21 Save as disclosed in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time preceding the date of this document received, directly or indirectly, from the Company on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

19.22 Certain information has been obtained from external publications and third parties and is sourced in this document where the information is included. The Company confirms that this information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by applicable third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of DLA Piper UK LLP at 3 Noble Street, London EC2V 7EE for a period of one month from the date of this document:

20.1 the Memorandum and Articles, the Revised Memorandum and the Revised Articles;

20.2 the Fund I Partnership Agreement, and the Fund II Partnership Agreement;

20.3 the report of BDO LLP set out in Part 10 – Unaudited Pro Forma Financial Information relating to the Company;

20.4 the Company's audited financial statements for the period 24 November 2009 to 31 March 2011 and the Company's unaudited interim financial statements for the six month period ended 30 September 2011;

20.5 the historical financial information relating to Fund I (as set out in Part 11);

20.6 the written consent, referred to in paragraphs 17.1 and 17.2 of this Part 12;

20.7 the AIM Admission Document of 2009 and 2010 Prospectus; and

20.8 this document.

Dated 19 December 2011

Part 13:

Documents incorporated by reference

This document should be read and construed in conjunction with the following documents, which have been previously published and filed with the FSA, which were sent to Shareholders at the relevant time and which are available for inspection in accordance with paragraph 20 of Part 12 "Additional Information" of this document.

The table below sets out the various sections of those documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of Better Capital and the 2012 Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Better Capital.

Reference document	*Information incorporated by reference*	*Page numbers in the reference document*
2010 Prospectus	Investment Policy	41
	Partnership Agreement	143
	Investment process	47
	Portfolio monitoring and optimisation	48
	Exit planning and process	49
	Profit share of the General Partner	51
	Profit share of the Special Limited Partner	51
	Removal of General Partner	52
	Valuations and net asset calculations	54
	The Consultant	58
	Placing Agreement	142
	Material Contracts	143
	Trade Mark and Domain Name Licence	149
Annual Report and Audited Financial Statements of the Company for the period 24 November 2009 to 31 March 2011	Audited financial statements	20-38
	Audit report	19
	Related Party Transactions	11
Interim Report and Accounts of the Company for the six month period to 30 September 2011	Unaudited interim financial statements	15-22
	Review report	14

Copies of the documents of which part or all are incorporated herein are available free of charge in electronic format through Better Capital's website at www.bettercapital.gg and the National Storage Mechanism at www.hemscott.com/nsm.do or in printed format for inspection as referred to in paragraph 20 of Part 12 of this document.

Except to the extent expressly set out in this Part 13, neither the content of Better Capital's website (or any other website) nor the content of any website accessible from hyperlinks of Better Capital's website (or any other website) is incorporated into, or forms part of, this document.

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other part of the above documents is incorporated by reference into this document.

Where any information is incorporated by reference only by reference to parts of the document containing the information, the information contained in parts of the document not incorporated by reference are either not relevant for the purposes of this document or are dealt with within this document. Any information which is incorporated by reference in this document shall be modified or superseded for the purposes of this document to the extent that a statement contained herein modified or supersedes such earlier statement (whether expressly or by implication).

Part 14:
Definitions

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

"**2009 Cell**" or "**Better Capital 2009 Cell**"	the Cell in the Company created pursuant to the Resolutions and holding partnership interests in Fund I, and shall be interpreted as the Company acting in its capacity as a protected cell company transacting its business in the name of the 2009 Cell;
"**2009 Cell NAV**"	the value of the assets of the 2009 Cell less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board;
"**2009 Shares**"	the ordinary shares of no par value in the 2009 Cell being, prior to conversion, the Shares;
"**2010 Prospectus**"	the Prospectus relating to the Main Market Placing published by the Company on 10 June 2010;
"**2012 Cell**" or "**Better Capital 2012 Cell**"	the Cell in the Company proposed to be established following the Conversion which will hold partnership interests in Fund II, and shall be interpreted as the Company acting in its capacity as a protected cell company transacting its business in the name of the 2012 Cell;
"**2012 Cell NAV**"	the value of the assets of the 2012 Cell less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board, further details of which are set out in Part 6 of this document;
"**2012 Shares**"	up to 199,601,110 ordinary shares of no par value in the 2012 Cell to be issued by the Company pursuant to the Firm Placing and Placing and Open Offer;
"**Administrator**" or "**Heritage**"	Heritage International Fund Managers Limited, whose details are set out on page 37;
"**Admission**"	the admission of the 2012 Shares to the Official List of the UK Listing Authority (listing category premium equity closed ended investment funds);
"**AIM**"	the AIM Market, a market operated by the London Stock Exchange;
"**AIM Placing**"	the placing of the AIM Placing Shares that became effective on 14 December 2009;
"**AIM Placing Shares**"	the 142,400,000 shares issued by the Company pursuant to the AIM Placing;
"**Alternative Investment Fund Managers Directive**"	the Directive on Alternative Investment Fund Managers adopted by the European Commission on 11 November 2010;
"**Articles**"	the articles of incorporation of the Company adopted on 11 December 2009, as amended on 24 June 2010 (and as amended from time to time);
"**Basic Entitlement**"	the *pro rata* entitlement of Qualifying Shareholders to subscribe for one Open Offer Share for every five Existing Shares registered in their name as at the Record Date;
"**BECAP GP**"	BECAP GP LP acting for its own part (and not as general partner of Fund I) and by its general partner, the Fund I GP Company;
"**BECAP GP II**"	BECAP12 GP LP acting for its own part (and not as general partner of Fund II) and by its general partner, the Fund II GP Company;

"**BECAP12 GP LP**"	a Guernsey limited partnership established and registered in Guernsey as a limited partnership on 17 November 2011 (registration number 1557) and having its registered office at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY;
"**BECAP GP LP**"	a Guernsey limited partnership established on 23 November 2009 and registered in Guernsey as a limited partnership on 25 November 2009 (registration number 1244) and having its registered office at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY;
"**Board**"	the Directors;
"**Bridging Investments**"	any: (a) investments made by the relevant fund (directly or indirectly) with a view to selling such investment to a third party within 14 months of its acquisition; (b) a commitment to invest undertaken by the relevant fund (directly or indirectly) in excess of the requirements of the relevant fund which is subject to reduction in certain specified events; or (c) investments made by the relevant fund (directly or indirectly) as part of a multiple investment transaction, where the general partner of the relevant fund considers one or more of those investments are likely to be sold or otherwise realised during the relevant fund's investment period;
"**Broker Engagement Letter**"	the broker letter agreement dated 15 April 2010 between (1) the Company and (2) Numis regulating the appointment of Numis as the Company's broker;
"**Business Day**"	any day (other than a Saturday or a Sunday) on which clearing banks are open for a full range of banking transactions in London and Guernsey;
"**Capita Registrars**"	a trading name of Capita Registrars Limited;
"**Carried Interest**"	the Fund I Special Limited Partner's entitlement to participate in the gains and profits of Fund I, as set out in the Fund I Partnership Agreement and the Fund II Special Limited Partner's entitlement to participate in the gains and profits of Fund II, as set out in the Fund II Partnership Agreement and described in paragraph 16.2 of Part 12 of this document;
"**Cell**"	a cell created by the Company for the purposes of segregating and protecting Cellular Assets, being the 2009 Cell and the 2012 Cell respectively;
"**Cell Share**"	an ordinary share of no par value in the capital of the Company, designated as shares of a Cell and having the rights provided for under the Articles with respect to such share;
"**Cells**"	the 2009 Cell and the 2012 Cell;
"**Cellular Assets**"	the assets of the Company attributable to each Cell, which subject to Conversion will comprise in the case of the 2009 Cell, the assets and liabilities of the Company at Conversion, and, in the case of the 2012 Cell, subject to Admission, the Net Placing Proceeds;
"**certificated**" or "**in certificated form**"	the description of a share or other security which is not in form (that is not in CREST);

"**Combined Code**"	the Combined Code on Corporate Governance published by the Financial Reporting Council in June 2008 (as amended from time to time);
"**Commission**"	the Guernsey Financial Services Commission;
"**Companies Act 2006**"	the provisions of the UK Companies Act 2006 in force at the date of this document;
"**Companies Law**"	the Companies (Guernsey) Law, 2008, as amended, in force at the date of this document;
"**Company**"	Better Capital Limited, being prior to the Conversion, a non-cellular company limited by shares and being upon and after the Conversion a protected cell company, in each case incorporated in Guernsey with registered number 51194 whose registered office is at Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY;
"**Company Administration Agreement**"	the administration agreement dated 14 December 2009 between the Company and the Administrator, details of which are set out in paragraph 16 of Part 12 (*Additional Information*);
"**Conditional Placed Shares**"	the 41,356,190 Open Offer Shares to be issued by the Company under the Placing subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer or Excess Application Facility pursuant to the Placing Agreement, which includes the 41,356,190 Open Offer Shares that are not subject to clawback;
"**Conditional Placees**"	any persons who have agreed to subscribe for Conditional Placed Shares;
"**Consultant**"	Better Capital LLP;
"**Conversion**"	the conversion of the Company from a non-cellular company into a protected cell company pursuant to the Resolutions in accordance with section 46 of the Companies Law;
"**Core**"	the Company excluding its Cells;
"**Core Assets**"	the assets of the Company that are not Cellular Assets;
"**Core Shares**"	the shares in the Core;
"**Court**"	the Royal Court of Guernsey;
"**CREST**"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear;
"**CREST Manual**"	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CCSS Operations Manual and the CREST Glossary of Terms;
"**CREST member**"	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
"**CREST participant**"	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
"**CREST Proxy Instruction**"	the appropriate CREST message made to appoint a proxy, properly authenticated in accordance with Euroclear's specifications;

"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);
"**CREST sponsor**"	a CREST participant admitted to CREST as a CREST sponsor;
"**CREST sponsored member**"	a CREST member admitted to CREST as a sponsored member;
"**Directors**"	the directors of the Company as at the date of this document whose names are set out on page 37 of this document and "Director" means any one of them;
"**Disclosure and Transparency Rules**"	the disclosure and transparency rules made by the FSA in exercise of its functions as competent authority pursuant to Part VI of FSMA;
"**Enlarged Share Capital**"	the issued share capital of the Company attributable to the Core and the Cells as determined by the Directors immediately following Admission comprising the Core Shares, the 2009 Shares and the 2012 Shares;
"**ERISA**"	the US Employment Retirement Income Security Act;
"**ERISA Plan Investors**"	a plan investor as defined by ERISA;
"**EU**" or "**European Union**"	the European Union first established by the treaty made at Maastricht on 7 February 1992;
"**Euroclear**"	Euroclear UK & Ireland Limited;
"**European Economic Area**"	the European Union, Iceland, Norway and Liechtenstein;
"**Excess Application Facility**"	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Basic Entitlement (up to a maximum number of Open Offer Shares equal to 0.7 times the number of Shares held by them at the Record Date) in accordance with the terms and conditions of the Open Offer;
"**Excess CREST Open Offer Entitlement**"	in respect of each Qualifying CREST Shareholder who has taken up his Basic Entitlement in full, the entitlement (in addition to his Basic Entitlement) to apply for Open Offer Shares up to the number of Open Offer Shares comprised in his Open Offer Entitlement, credited to his stock account in CREST, pursuant to the Excess Application Facility, which may be subject to scaling back in accordance with the provisions of this document;
"**Excess Shares**"	Open Offer Shares which are not taken up by Qualifying Shareholders pursuant to their Basic Entitlement and are offered to Qualifying Shareholders under the Excess Application Facility;
"**Excluded Overseas Shareholder**"	other than as agreed in writing by the Company and Numis as permitted by applicable law, Shareholders who are located or have registered addresses in a Restricted Jurisdiction;
"**Executive Departure**"	has the meaning given on page 184;
"**Ex-Entitlements Date**"	20 December 2011;
"**Existing Shares**"	the Shares in issue at the Record Date;
"**Extraordinary General Meeting**" or "**EGM**"	the general meeting of the Company notice of which is set out at the end of this document;
"**Firm Placed Shares**"	the 158,244,920 2012 Shares to be issued by the Company under the Firm Placing;
"**Firm Placees**"	any persons who have agreed to subscribe for Firm Placed Shares;
"**Firm Placing**"	the placing by Numis of the Firm Placed Shares with the Firm Placees pursuant to the Placing Agreement;

"**Follow-on Fundraising**"	any additional capital raising by the 2012 Cell;
"**Follow-On Investment**"	any proposed investment of Fund I or Fund II, as applicable, which has a connection with an existing investment (other than purely by reason of such proposed investment being held, if completed, as an asset of Fund I or Fund II, as applicable);
"**Form of Proxy**"	the Form of Proxy for use at the General Meeting which accompanies this document;
"**FSA**"	the Financial Services Authority;
"**FSA Rules**"	the rules or regulations issued or promulgated by the FSA from time to time and for the time being in force (as varied by any waiver or modification granted, or guidance given, by the FSA);
"**FSMA**"	the Financial Services and Markets Act 2000, (as amended from time to time), including any regulations made pursuant thereto;
"**Fund I**" or "**Better Capital Fund I**"	BECAP Fund LP, a Guernsey limited partnership established on 23 November 2009 and registered in Guernsey as a limited partnership on 25 November 2009 (registration number 1242);
"**Fund I Administration Agreement**"	the administration agreement dated 14 December 2009 between Fund I and the Administrator, details of which are set out in paragraph 16 of Part 12 (*Additional Information*);
"**Fund I Consultancy Services**"	the services provided by the Consultant to BECAP GP under the Fund I Consultancy Services Agreement; including research and information gathering, accounting support and administrative consultancy services;
"**Fund I Consultancy Services Agreement**"	the consultancy services agreement dated 14 December 2009 between BECAP GP and the Consultant as amended pursuant to the Fund I Consulting Service Agreement Amendment Deed, details of which are set out in paragraph 16 of Part 12 (*Additional Information*);
"**Fund I Consultancy Services Agreement Amendment Deed**"	the deed dated 15 December 2011 and made between BECAP GP and the Consultant under the terms of which the Fund I Consultancy Services Agreement have been updated and amended to reflect certain revised terms under the Fund II Consultancy Services Agreement, details of which are set out in paragraph 16 of Part 12;
"**Fund I GP**"	BECAP GP LP acting as general partner of Fund I and by its general partner, the Fund I GP Company;
"**Fund I GP Company**"	BECAP GP Limited (a company registered in Guernsey with registration number 51176) acting as general partner of the Fund I GP or the Fund I Special Limited Partner, as the context shall require;
"**Fund I GP's Share**"	the priority profit share payable to the Fund I GP pursuant to the Fund I Partnership Agreement;
"**Fund I Investment Period**"	in respect of Fund I, the period from the 21 December 2009 to 31 December 2012, subject to the Fund I GP (with the prior consent of the Company acting in relation to the 2009 Cell), extending this period by up to 12 calendar months, unless terminated earlier following an Executive Departure;
"**Fund I Investment Policy**"	the investment policy to be applied by the Company in respect of the 2009 Cell and relating to Fund I, as set out in Part 2 of this document under the heading "Investment Policy: Better Capital Fund I";
"**Fund I NAV**"	at any date, the aggregate value of all of the investments of Fund I, plus cash but less liabilities and unrealised losses, and excluding unrealised gains as at that date as determined by the Fund I GP in its

	absolute discretion (for the avoidance of doubt, not being the value shown in any fair value statements prepared for the benefit of the Company);
"**Fund I Partnership Agreement**"	the partnership agreement dated 23 November 2009 and made between BECAP GP LP and the Fund I Special Limited Partner, as amended and restated by an amended and restated limited partnership agreement made between BECAP GP LP, the Special Limited Partner and the Company and dated 14 December 2009 and as amended by an amendment agreement dated 13 July 2010 and further amended pursuant to the Fund I Partnership Agreement Amendment Agreement;
"**Fund I Partnership Agreement Amendment Agreement**"	the agreement dated 15 December 2011 and made between the Company, Fund I GP and Fund I Special Limited Partner under the terms of which the Fund I Partnership Agreement have been updated and amended to reflect certain revised terms under the Fund II Partnership Agreement, details of which are set out in paragraph 16 of Part 12;
"**Fund I Special Limited Partner**"	Better Capital SLP LP, the special limited partner in Fund I, acting by its general partner, BECAP GP limited;
"**Fund I Total Commitments**"	the aggregate commitments of the 2009 Cell and the Fund I Special Limited Partner to Fund I, being prior to Conversion the total commitments of the Company and the Fund I Special Limited Partner to Fund I;
"**Fund II**" or "**Better Capital Fund II**"	BECAP12 Fund LP, a Guernsey limited partnership established and registered in Guernsey as a limited partnership on 17 November 2011 (registration number 1558);
"**Fund II Administration Agreement**"	the administration agreement to be entered into on or before Admission and made between Fund II and the Administrator, details of which are set out in paragraph 16.9 of Part 12;
"**Fund II Consultancy Services**"	the services to be provided by the Consultant to BECAP GP II under the Fund II Consultancy Services Agreement, including research and information gathering, accounting support and administrative consultancy services;
"**Fund II Consultancy Services Agreement**"	the consultancy services agreement to be entered into on or before Admission and made between BECAP GP II and the Consultant, details of which are set out in paragraph 16.10 of Part 12;
"**Fund II Exclusivity Period**"	the period beginning on the date on which Fund II receives the Net Placing Proceeds from the 2012 Cell (which the Company intends to be within five Business Days of Admission) and ending on the earliest of: (a) the expiry of the Fund II Investment Period; (b) the dissolution of Fund II; (c) the Fund II GP ceasing to be general partner of Fund II; (d) the date on which 85 per cent. of Fund II Total Commitments have been committed or allocated for investment in investments or Follow-On Investments, or reserved against future obligations, or expenses and liabilities of, Fund II, including in respect of Fund II GP's Share (or loans in respect thereof);
"**Fund II GP**"	BECAP12 GP LP acting as general partner of Fund II and by its general partner, the Fund II GP Company;

"**Fund II GP Company**"	BECAP12 GP Limited (a company registered in Guernsey with registration number 54252) acting as general partner of the Fund II GP or the Fund II Special Limited Partner, as the context shall require;
"**Fund II GP's Share**"	the priority profit share payable to the Fund II GP pursuant to the Fund II Partnership Agreement as described in paragraph 16.2 of Part 12;
"**Fund II Investment Period**"	in respect of Fund II, the period from the date on which Fund II receives the Net Placing Proceeds from the 2012 Cell (which the Company intends to be within five Business Days of Admission) to 31 December 2014, or, if the 2012 Cell increases its commitment to Fund II pursuant to a Follow-on Fundraising or a parallel vehicle is established as described in paragraph 3 of Part 4, such longer period as the 2012 Cell and the Fund II GP may agree, subject to the Fund II GP (with the prior consent of the Company acting in relation to the 2012 Cell), extending this period by up to 12 calendar months, unless terminated earlier following an Executive Departure;
"**Fund II Investment Policy**"	the investment policy to be applied by the Company in respect of the 2012 Cell and relating to Fund II as set out in Part 2;
"**Fund II NAV**"	at any date, the aggregate value of all of the investments of Fund II, plus cash but less liabilities and unrealised losses, and excluding unrealised gains as at that date as determined by the Fund II GP in its absolute discretion (for the avoidance of doubt, not being the value shown in any fair value statements prepared for the benefit of the Company);
"**Fund II Partnership Agreement**"	the partnership agreement to be entered into on or before Admission and made between BECAP12 GP LP and the Fund II Special Limited Partner;
"**Fund II Partnership Indemnified Persons**"	the Fund II GP, the Consultant or any associate of either of them, and: (a) any officer, director, shareholder, agent, consultant, member, partner or employee of the Fund II GP or the Consultant, or of any associate of either of them; or (b) any person nominated by Fund II (or any associate) to be a director (or equivalent) of any portfolio company; or (c) any person previously serving in any such capacity, but only to the extent that any action taken in respect of which indemnification or exculpation is sought relates to such prior service;
"**Fund II Special Limited Partner**"	Better Capital SLP 12 LP, the special limited partner in Fund II, acting by its general partner, BECAP12 GP Limited;
"**Fund II Total Commitments**"	the aggregate commitments of the 2012 Cell and Fund II Special Limited Partner to Fund II;
"**General Partners**"	the Fund I GP and the Fund II GP;
"**Gross Placing Proceeds**"	the gross proceeds received by the Company pursuant to the Firm Placing and Placing and Open Offer and any Follow-on Fundraising;
"**Guernsey**"	the Island of Guernsey;
"**HMRC**"	HM Revenue & Customs;
"**Issue Price**"	100 pence;

"**Key Executive**"	Jon Moulton or any replacement of Jon Moulton approved pursuant to the terms of the Fund I Partnership Agreement or the Fund II Partnership Agreement as applicable;
"**Listing Rules**"	the listing rules made under section 73A of the FSMA (as set out in the FSA Handbook), as amended;
"**London Stock Exchange**"	London Stock Exchange plc;
"**Main Market**"	the main market of the London Stock Exchange;
"**Main Market Placing**"	the firm placing and placing and open offer of the Main Market Placing Shares at a price of 105 pence per new ordinary share as described in more detail in the 2010 Prospectus;
"**Main Market Placing Shares**"	the 64,380,952 ordinary shares issued by the Company pursuant to the Main Market Placing;
"**Memorandum**"	the memorandum of incorporation of the Company dated 23 November 2009;
"**Model Code**"	the model code on directors' dealings in securities set out in the Listing Rules;
"**Money Laundering Regulations**"	the Money Laundering Regulations 2007 (SI 2007 No. 2157) as amended from time to time;
"**NAV per 2009 Share**"	at any time, the 2009 Cell NAV at that time divided by the number of the 2009 Shares then in issue;
"**NAV per 2012 Share**"	at any time, the 2012 Cell NAV at that time divided by the number of the 2012 Shares then in issue;
"**Net Asset Value**" or "**NAV**"	the value of the assets of the Company or of the 2009 Cell or of the 2012 Cell, as applicable, less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board, further details of which are set out in Part 6 of this document;
"**Net Placing Proceeds**"	the proceeds received by the Company pursuant to the Firm Placing and Placing and Open Offer net of expenses incurred by the Company in respect of the Firm Placing and Placing and Open Offer;
"**New Broker Engagement Letter**"	means the broker letter agreement to be entered into on or before Admission between (1) the Company and (2) Numis regulating the appointment of Numis as the Company's broker in relation to the 2009 Shares and the 2012 Shares;
"**Non-CREST Application Form**"	the application form for use by Qualifying Non-CREST Shareholders relating to applications for Open Offer Shares (including in respect of Excess Shares under the Excess Application Facility);
"**Numis**"	Numis Securities Limited;
"**Official List**"	the official list of the UK Listing Authority;
"**Open Offer**"	the invitation by the Company to Qualifying Shareholders to apply to subscribe for Open Offer Shares on the terms and conditions set out in this document, and in the case of Qualifying Non-CREST Shareholders, in the Non-CREST Application Form;
"**Open Offer Entitlement**"	an entitlement to subscribe for Open Offer Shares allocated to a Qualifying Shareholder under the Open Offer;
"**Open Offer Shares**"	the 41,356,190 2012 Shares to be offered to Qualifying Shareholders under the Open Offer;

"**Overseas Shareholders**"	holders of Shares with registered addresses outside the UK or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the UK;
"**Panel**"	the Panel on Takeovers and Mergers;
"**Partners**"	in respect of Fund I, the limited partners in Fund I, being the Company (following Conversion in respect of the 2009 Cell only) and the Special Limited Partner, and the Fund I GP, and, in respect of Fund II, the limited partners in Fund II, being the Company in respect of the 2012 Cell only, and the Fund II Special Limited Partner, and the Fund II GP;
"**Partnership Agreements**"	The Fund I Partnership Agreement and the Fund II Partnership Agreement;
"**PCC**"	a protected cell company under the Companies Law;
"**Placing**"	the conditional placing by Numis of the Conditional Placed Shares pursuant to the Placing Agreement;
"**Placing Agreement**"	the conditional agreement dated 19 December 2011 between the Company, the Fund II GP, the Consultant and Numis, details of which are set out in paragraph 15 of Part 12;
"**Placing Proceeds**"	the proceeds of the Main Market Placing;
"**POI Law**"	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;
"**Prohibited Shares**"	the Shares of any investor whose ownership of Shares will or may result in the Company's assets being deemed to constitute "plan assets" under the Plan Asset Regulations (as defined in ERISA);
"**Prospectus Directive**"	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003;
"**Prospectus Rules**"	the prospectus rules of the FSA made pursuant to section 73A of FSMA;
"**Purpose Trust**"	the purpose trust established under the laws of Guernsey for the purpose of holding the Core Shares;
"**QIB**"	a qualified institutional buyer as defined in Rule 144A promulgated under the Securities Act;
"**Qualified Purchasers**"	qualified purchasers as defined in the US Investment Company Act;
"**Qualifying CREST Shareholders**"	Qualifying Shareholders holding Shares in uncertificated form;
"**Qualifying Non-CREST Shareholders**"	Qualifying Shareholders holding Shares in certificated form;
"**Qualifying Shareholders**"	holders of Existing Shares on the register of members of the Company on the Record Date with the exception (subject to certain exceptions) of persons with a registered address or located or resident in any Restricted Jurisdiction;
"**RCIS Rules**"	the Registered Collective Investment Scheme Rules 2008;
"**Receiving Agent**"	Capita Registrars Limited, whose details are set out on page 37;
"**Receiving Agent Agreement**"	the agreement between the Company and the Receiving Agent, details of which are set out in paragraph 16.3 of Part 12;
"**Record Date**"	5.00 p.m. on 15 December 2011;

"**Registrar**"	Capita Registrars (Guernsey) Limited, whose details are set out on page 37;
"**Registrar Certificate**"	the certificate issuance of which by the Registrar of Companies in Guernsey confirms that Conversion has taken effect and that the Company has become a PCC;
"**Regulation S**"	Regulation S promulgated under the Securities Act;
"**Regulatory Information Service**"	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information from listed companies;
"**Related Party Transaction**"	the proposed participation of Jon Moulton in the Firm Placing, as described in paragraph 9 of Part 1 of this document;
"**Resolutions**"	the Resolutions to be proposed at the EGM numbered 1 to 5 as set out in the Notice of EGM contained in this document;
"**Restricted Jurisdiction**"	each of Australia, Canada, Japan, the Netherlands, the Republic of Ireland, the Republic of South Africa, Switzerland and the United States;
"**Revised Articles**"	the Articles of Incorporation of the Company adopted by the Resolutions;
"**Revised Memorandum**"	the Memorandum of Incorporation of the Company as altered by the Resolutions;
"**SEC**"	the US Securities and Exchange Commission;
"**Securities Act**"	the US Securities Act of 1933, as amended;
"**Share Dealing Code**"	the share dealing code of the Company, regulating the dealing in Shares by Directors and relevant employees;
"**Shareholder**"	a holder of a Share;
"**Shares**"	prior to the Conversion, the ordinary shares of no par value in the capital of the Company and, following the Conversion, together the 2009 Shares and the 2012 Shares (but excluding the Core Shares);
"**Significant Shareholder**"	any person with a holding of 3 per cent. or more of the Shares or, following Conversion, any of the Cell Shares of any Cell;
"**Sponsor**"	Numis;
"**Substantial Shareholders**"	any person who is entitled to exercise or to control the exercise of 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company;
"**Takeover Code**"	the City Code on Takeovers and Mergers (as amended from time to time);
"**TIDM**"	the Tradeable Instrument Display Mnemonic used on the London Stock Exchange;
"**Transaction Liabilities**"	all those liabilities incurred by the Company which were incurred in connection with the Conversion, the Placing, the Firm Placing and the Open Offer, including the preparation of this prospectus;
"**Trustee**"	Heritage Corporate Trustees Limited, the trustee of the Purpose Trust;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**UK Governance Code**"	the United Kingdom Corporate Governance Code published by the Financial Reporting Council in May 2010 which replaced the Combined Code in respect of reporting periods beginning on or after 29 June 2010;

"**UK Listing Authority**" or "**UKLA**"	the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA;
"**uncertificated**"	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"**US**" or "**United States**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"**US Investment Company Act**"	the US Investment Company Act of 1940, as amended;
"**US person**"	has the meaning ascribed to it under Regulation S;
"**US Shareholder**"	a Shareholder: (i) whose address appears on the register of members of the Company as being in the United States; (ii) who is a US person; or (iii) any other Shareholder to the extent such Shareholder holds Existing Shares on behalf of a person located within the United States or a US person; and
"**£**" or "**Sterling**"	pounds sterling, the legal currency of the United Kingdom.

Notice of an Extraordinary General Meeting of Shareholders in the Company

Better Capital Limited

(a non-cellular company limited by shares incorporated in Guernsey with registration number 51194)

(the "Company")

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders in the Company will be held at the offices of Heritage, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey GY1 4HY on 11 January 2012 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions, Resolutions 1, 2, 4 and 5 to be passed as special resolutions:

Defined terms used in this Notice shall have the same meaning ascribed to them in the prospectus published by the Company which accompanies this Notice of Extraordinary General Meeting.

RESOLUTIONS

1. THAT,

   1.1 the Company be converted into a protected cell company (a "**PCC**") in accordance with section 46(3) of the Law (the "**Conversion**");

   1.2 the creation of the first cell of the Company, to be known as Better Capital 2009 Cell (the "**2009 Cell**") be and is hereby authorised and that all of the members, shares, capital, assets and liabilities of the Company at the date of the passing of this resolution (other than the rights and obligations of the Company arising pursuant to the Company Administration Agreement (as defined in the prospectus of the Company of even date herewith (the "Prospectus")) be attributed to the 2009 Cell;

   1.3 the name of the Company be changed to "Better Capital PCC Limited";

   1.4 the memorandum of incorporation be altered in the following respects:

      1.4.1 paragraph 1 is amended to read: "The name of the Company is "Better Capital PCC Limited";

      1.4.2 paragraph 4 is amended to read: "The Company is a protected cell company within the meaning of section 2(1)(a)(i) of the Companies (Guernsey) law, 2008 (as amended)."

   1.5 the articles of incorporation attached hereto be and are hereby approved and adopted as the new articles of incorporation of the Company with effect from the Conversion, in substitution for and to the exclusion of the existing articles of incorporation of the Company;

   1.6 the proposed date on which the Conversion is to take effect shall be 12 January 2012.

   1.7 the Company's investment policy described in Part 2 of the Prospectus shall be approved as the investment policy of the Company.

2. THAT, conditional upon the passing of resolution 1 above, the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to issue Cell Shares in a second cell of the Company to be known as Better Capital 2012 Cell (the "**2012 Cell**"), in connection with and for the purposes of the Firm Placing and Placing and Open Offer and to issue 100 Core Shares to the Purpose Trust (as such terms are defined in the Prospectus);

3. THAT, conditional upon the passing of resolution 1 above, in substitution for any existing such power or authority, the Company generally be and is hereby authorised for the purposes of the Companies (Guernsey) Law, 2008 (the "**Law**") to make market acquisitions (as defined in the Law) of the ordinary shares of nil par value in the capital of the Company relating to the 2009 Cell (the "**2009 Shares**") and the ordinary shares of nil par value in the capital of the Company relating to the 2012 Cell (the "**2012 Shares**"), provided that:

   3.1 the maximum number of 2009 Shares authorised to be purchased shall be 14.99 per cent. of the Company's 2009 Shares in issue immediately following the date of Admission;

   3.2 the maximum number of 2012 Shares authorised to be purchased shall be 14.99 per cent. of the Company's 2012 Shares in issue immediately following the date of Admission;

   3.3 the minimum price (exclusive of expenses) which may be paid for either a 2009 Share or a 2012 Share is £0.01 per 2009 Share or 2012 Share, as applicable;

   3.4 the maximum price (exclusive of expenses) payable by the Company which may be paid for either a 2009 Share or a 2012 Share shall be equal to 105 per cent. of the average of the middle market quotations for the 2009 Share or the 2012 Share, as applicable, as derived from the daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the purchase is made;

   3.5 the authority hereby conferred shall (unless previously renewed or revoked) expire at the end of the annual general meeting of the Company to be held in 2012; and

   3.6 the Company may make a contract to purchase its own 2009 Shares or 2012 Shares, as applicable, under that authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own 2009 Shares or 2012 Shares, as applicable in pursuance of any such contract.

4. THAT, conditional upon the passing of resolution 1 above, the Directors of the Company from time to time (the "Board") be and are hereby generally empowered in accordance with the Company's Articles (in substitution for any existing such power or authority) to issue up to: (i) the aggregate number of the 2009 Shares as represent no more than 5 per cent. of the 2009 Shares already admitted to trading on the London Stock Exchange's main market for listed securities immediately following this extraordinary general meeting; and (ii) in any rolling three-year period, such number of the 2009 Shares as constitutes no more than 7.5 per cent. of the 2009 Shares already admitted to trading on the London Stock Exchange's main market for listed securities immediately following this extraordinary general meeting:

   4.1 this power shall (unless previously revoked, varied or renewed by the Company) expire on the conclusion of the annual general meeting of the Company to be held in 2012, save that the Company may make prior to such expiry any offer or agreement which would or might require shares to be issued after expiry of such period and the Board may issue shares pursuant to such an offer or agreement notwithstanding the expiry of the authority given by this resolution; and

   4.2 this power shall be limited to the issue of the 2009 Shares of nil par value each in the Company's capital.

5. THAT, conditional upon the passing of resolutions 1 and 2 above, the Board be and are hereby generally empowered in accordance with the Company's Articles (in substitution for any existing such power or authority) to issue up to: (i) the aggregate number of the 2012 Shares as represent no more than 5 per cent. of the 2012 Shares that shall be admitted to trading on the London Stock Exchange's main market for listed securities upon Admission (as such term is defined in the prospectus of the Company of even date herewith); and (ii) in any rolling three-year period,

such number of the 2012 Shares as constitutes no more than 7.5 per cent. of the 2012 Shares that shall be admitted to trading on the London Stock Exchange's main market for listed securities upon Admission:

5.1 this power shall (unless previously revoked, varied or renewed by the Company) expire on the conclusion of the annual general meeting of the Company to be held in 2012, save that the Company may make prior to such expiry any offer or agreement which would or might require shares to be issued after expiry of such period and the Board may issue shares pursuant to such an offer or agreement notwithstanding the expiry of the authority given by this resolution; and

5.2 this power shall be limited to the issue of the 2012 Shares of nil par value each in the Company's capital.

6. THAT, conditional upon the passing of resolutions 1 and 2 above, the issue of 30 million of the 2012 Shares to Jon Moulton in connection with the Firm Placing, which is a related party transaction, be and is hereby approved, pursuant to the requirements of the Listing Rules.

By Order of the Board

19 December 2011

Registered Office:
Heritage Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey GY1 4HY

Notes:

1. To have the right to attend and vote at the Meeting you must hold Shares in the Company and your name must be entered on the register of members of the Company at 6.00 p.m. on 9 January 2012 being a time which is not more than 48 hours before the time fixed for the Meeting. If the Meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 6.00 p.m. on the day that is two days before the date fixed for the adjourned meeting. Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
2. A Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. A proxy need not also be a Shareholder. Proxies are requested to bring a valid form of photographic identification to the Meeting. In the absence of such identification proxies may be refused admittance to the Meeting.
3. Any Shareholder who is under any legal disability may vote by his guardian or other legal representative, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the registered office of the Company not less than forty eight hours before the time of the Meeting.
4. The completion and return of a Form of Proxy will not prevent you from attending in person and voting at the Meeting should you subsequently decide to do so. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated. Shareholders wishing to attend in person are requested to bring with them a valid form of photographic identification. Shareholders who are corporations can appoint a single authorised representative to attend the Meeting on their behalf. Such representative is requested to bring with them a duly certified copy of the authorisation together with a valid form of photographic identification. In the absence of such identification Shareholders and authorised representatives may be refused admittance to the Meeting.
5. To be valid the Form of Proxy and any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy thereof) must be lodged with PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the Meeting. A Form of Proxy is enclosed, and Shareholders can only appoint a proxy in accordance using the procedures set out in these notes and the notes to the Form of Proxy.
6. The quorum for the Meeting is two or more Shareholders present in person or by proxy. The majority required for the passing of an Ordinary Resolution is greater than 50 per cent. of the total number of votes cast for or against such resolution and the majority required for the passing of a Special Resolution is 75 per cent. or more of the total number of votes cast for or against such resolution.
7. At the Meeting the votes may be taken by poll. On a poll, every Shareholder who is present in person or by proxy shall have one vote for every whole share in the Company of which he is the holder and such proportion of a vote that represents the number of fractions of a share so held. A holder entitled to more than one vote need not, if he votes, use all of his votes or cast all of the votes which he uses in the same way.

Linkway Financial Printers
Typeset & Printed in London (UK) 16004