

CIRCULAR

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other professional adviser duly authorised in your jurisdiction.

Applications to tender up to 4,864,911 Shares for purchase under the Tender Offer may only be made on the applicable Tender Form accompanying this Circular (in respect of Shares held in certificated form) or by making a TTE Instruction (in respect of Shares held in uncertificated form). If you have sold or otherwise transferred all of your Shares in the capital of the Company you are requested to forward this Circular and the accompanying documents (excluding the Tender Form) to the buyer or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to such buyer or transferee. However, those documents should not be forwarded to or sent into the United States, Canada, Australia, South Africa or Japan or into any other jurisdiction if to do so would constitute a violation of the relevant laws and regulations in such other jurisdiction.

The Tender Offer is not being made directly or indirectly in, into, or from the United States, Canada, Australia, South Africa or Japan, except where permitted by applicable law. Accordingly, this Circular and/or the Tender Form may not be distributed or sent in, into or from (whether by use of mails or by any means or instrumentality of interstate or foreign commerce) the United States, Canada, Australia, South Africa or Japan and doing so may render invalid any purported tender. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this Circular and/or the Tender Form should read section 7 of Part IV before taking any action.

AQUA RESOURCES FUND LIMITED

(an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 49038)

PROPOSED CANCELLATION OF ADMISSION OF ORDINARY SHARES TO THE OFFICIAL LIST AND TO TRADING ON THE LONDON STOCK EXCHANGE'S MAIN MARKET FOR LISTED SECURITIES

TENDER OFFER FOR UP TO 4,864,911 SHARES

AMENDMENT TO ARTICLES OF INCORPORATION

AMENDMENT TO INVESTMENT POLICY AND OBJECTIVE

NOTICE OF EXTRAORDINARY GENERAL MEETING

THE TENDER OFFER CLOSURES AT 1.00 p.m. on 31 October 2012. Please note that the Record Date for participation in the Tender Offer is the close of business on 12 October 2012. Shareholders wishing to tender Shares for purchase under the Tender Offer should ensure that in respect of Shares tendered that are held in certificated form (that is, not in CREST), their completed Tender Form(s), along with their share certificate(s), are returned by post or by hand (during normal business hours only) to Capita Registrars so as to be received no later than 1.00 p.m. on 31 October 2012. Shareholders wishing to tender Shares for purchase under the Tender Offer who hold Shares in uncertificated form (that is, in CREST) should arrange for the Shares tendered to be transferred to escrow so that the relevant TTE Instruction(s) settle(s) no later than 1.00 p.m. on 31 October 2012.

If you have any questions about the procedure for tendering Shares or you want help in filling in the Tender Form, please telephone Capita Registrars' helpline number on 0871 644 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday. Calls to the 0871 664 0321 number cost up to 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. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

Your attention is drawn to the letter from the Chairman of the Company, set out on pages 4 to 16 of this Circular, which includes a recommendation from the Board that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

The Extraordinary General Meeting of the Company is to be held at the offices of HSBC Securities Services (Guernsey) Limited, Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF, Channel Islands at 11.00 a.m. on 12 October 2012 as set out in the Notice of Extraordinary General Meeting. Whether or not you propose to attend the Extraordinary General Meeting and whether or not you wish to tender any Shares for purchase under the Tender Offer, you are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom, as soon as possible and in any event not later than 11.00 a.m. on 10 October 2012.

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EXPECTED TIMETABLE

Circular and Notice of Extraordinary General Meeting sent to Shareholders	20 September 2012
Latest time and date for receipt of Form of Proxy for the Extraordinary General Meeting*	11.00 a.m. on 10 October 2012
Extraordinary General Meeting	11.00 a.m. on 12 October 2012
Results of EGM announced	12 October 2012
Record Date for participation in the Tender Offer	close of business on 12 October 2012
Latest time and date for receipt of Tender Forms and TTE Instructions	1.00 p.m. on 31 October 2012
Results of Tender Offer announced	1 November 2012
Tender Date	1 November 2012
CREST accounts credited with Tender Offer consideration in respect of uncertificated Shares sold under the Tender Offer	on or around the week commencing 5 November 2012
Despatch of cheques for Tender Offer consideration in respect of certificated Shares sold under the Tender Offer	on or around the week commencing 5 November 2012
Last day of dealings in Shares**	close of business on 9 November 2012
Delisting**	8.00 a.m. on 12 November 2012

All references to times of day in this Circular are to London time unless otherwise stated. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service.

* Please note that the latest time for receipt of the Forms of Proxy in respect of the Extraordinary General Meeting is forty-eight hours prior to the time allotted for the relevant meeting.

** Assuming the relevant Resolution is approved at the EGM.

PART I
LETTER FROM THE CHAIRMAN
AQUA RESOURCES FUND LIMITED

(an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 49038)

Directors:
Hasan Askari (Chairman)
Fergus Dunlop
Charles Parkinson

Registered Office:
Arnold House
St. Julian's Avenue
St. Peter Port
GY1 3NF
Guernsey

20 September 2012

Dear Shareholder

**PROPOSED CANCELLATION OF ADMISSION OF ORDINARY SHARES TO THE
OFFICIAL LIST AND TO TRADING ON THE LONDON STOCK EXCHANGE'S
MAIN MARKET FOR LISTED SECURITIES**

TENDER OFFER FOR UP TO 4,864,911 SHARES

AMENDMENT TO ARTICLES OF INCORPORATION

AMENDMENT TO INVESTMENT POLICY AND OBJECTIVE

NOTICE OF EXTRAORDINARY GENERAL MEETING

1. Introduction

On 28 June 2012, and subsequently on 14 August 2012, the Company announced its intention to seek Shareholder approval at an extraordinary general meeting for the cancellation of the listing of the Shares on the Official List and their trading on the Main Market. The Company also announced the rationale for the Delisting.

In addition, the announcement of 14 August 2012 sets out the intention of the Company to conduct a Tender Offer to facilitate the JPM PEA Proposals. Pursuant to the Tender Offer, a number of Shares up to the Tender Threshold may be tendered on the Tender Date at the Tender Price. As at 18 September 2012 (the Latest Practicable Date), the Tender Threshold was 4,864,911 Shares. The Tender Price of €0.35 per Share was at a premium of 20.7 per cent. to the closing price of €0.29 per Share as at 13 August 2012 (the Date Before the Announcement) and a discount of 65.7 per cent. to the then latest published estimated unaudited Net Asset Value per Share of €1.02086 as at 31 March 2012. As at the Latest Practicable Date, the Tender Price per Share was at a premium of 2.9 per cent. to the closing price of €0.34 per Share and a discount of 51.1 per cent. to the then latest published estimated unaudited Net Asset Value per Share of €0.7155 as at 30 June 2012. The Company and the JPM Funds are Related Parties under the Listing Rules.

Shareholders are being asked to vote on the implementation of certain Proposals which require Shareholder approval under the Guernsey Companies Law, the Articles and/or the Listing Rules. I am writing to you to give you further information about the Proposals, to explain why your Board considers the Proposals to be in the best interests of the Company and to seek your approval of the Proposals. Accordingly, this Circular sets out the following:

- 1.1 the background to and reasons for the proposed Delisting (refer to section 2 of this letter and Part III of this Circular);
- 1.2 details of the proposed amendments to the Articles to:

- (i) implement certain changes consequential to the Company ceasing to be a listed company;
- (ii) add certain provisions regarding corporate governance, Related Party Transactions, financial reporting, making future amendments to the Investment Objective and Policy, and shareholder notifications similar to those found in the Listing Rules and DTRs (as the Shareholder protections contained in the Listing Rules and DTRs will no longer apply to the Company following the Delisting); and
- (iii) permit the Board to determine the amount and the timing of any return of capital, and the method by which it is distributed to Shareholders, solely in its discretion (subject always to Guernsey law and the New Articles),

(refer to section 3 of this letter);

1.3 details of the proposed changes to the Company's Investment Objective and Policy to:

- (i) implement certain changes consequential to the Company ceasing to be a listed company; and
- (ii) provide that no new investments may be made following the passing of the relevant Resolution, except for follow-on investments in respect of existing investments subject to the approval of the Board, and that all disposals will also be subject to Board approval,

(refer to section 4 of this letter);

1.4 the Board's intention to establish a new Investment Monitoring Committee of the Board (which may include non-Board members) to ensure an appropriate level of oversight of the Company's portfolio (refer to section 5 of this letter); and

1.5 the terms and conditions of the Tender Offer, in the context of the JPM PEA Proposals (refer to section 6 of this letter and Parts II and IV of this Circular),

(each, a "**Proposal**" and together, the "**Proposals**").

In order for Proposals 1.1, 1.2, 1.3 and 1.5 to become effective, the Company is required to seek the approval of Shareholders as follows:

- in respect of the Proposal in paragraph 1.1, as required under the Listing Rules regarding a company applying for a delisting, by a Special Resolution being passed by not less than 75 per cent. of the Shareholders who vote in person or by proxy at a general meeting of the Company;
- in respect of the Proposal in paragraph 1.2, as required under the Articles and the Guernsey Companies Law regarding amendments to a company's articles of incorporation, by a Special Resolution being passed by not less than 75 per cent. of the Shareholders who vote in person or by proxy at a general meeting of the Company;
- in respect of the Proposal in paragraph 1.3, as required under the Listing Rules regarding material changes to a closed investment fund's investment policy, by an Ordinary Resolution being passed by not less than 50 per cent. of the Shareholders who vote in person or by proxy at a general meeting of the Company; and
- in respect of the Proposal in paragraph 1.5, as required under the Listing Rules regarding tender offers and related party transactions, by an Ordinary Resolution being passed by not less than 50 per cent. of the Shareholders (excluding the JPM Funds, which are Related Parties of the Company and are not entitled to vote on Resolution 4 at the EGM) who vote in person or by proxy at a general meeting of the Company.

Accordingly, the purpose of this Circular is to provide Shareholders with the background to and the reasons for the Proposals and to seek the requisite approval from Shareholders. Shareholders should note that, following the announcements referred to above, the Board and its adviser Cenkos Securities have been in consultation with certain Shareholders, and the Proposals reflect the views of those Shareholders who participated in that consultation. As at the Latest Practicable Date, Shareholders holding in aggregate approximately 77 per cent. of the Shares in issue and have each signed a letter of intent indicating that they: (i) intend to vote in favour of Resolutions 1, 2 and 3; and (ii) will not tender their respective Shares under the Tender Offer. As the JPM Funds are Related Parties of the Company, they will not be voting on Resolution 4 (in respect of the Tender Offer and the JPM Purchase). However, other Shareholders, together holding

approximately 53.8 per cent. of Shares in issue, have signed a letter of intent indicating that they intend to vote in favour of Resolution 4. Such letters of intent are not contractually binding on the relevant Shareholders.

This Circular contains a Notice of Extraordinary General Meeting at which the Resolutions to approve the Proposals will be considered. If approved, the Proposals in respect of the Delisting, the New Articles and the amendments to the Investment Objective and Policy will take effect on the date of the Delisting, which is currently expected to occur on 12 November 2012.

The authority in respect of the Tender Offer, if approved, will become effective immediately and will expire on the earlier of: (i) the completion of the Tender Offer; (ii) the withdrawal of the Tender Offer by the Company; or (iii) the Tender Offer lapsing in accordance with the terms and conditions set out in this Circular.

Resolutions 2, 3 and 4 are conditional on Resolution 1 and therefore Resolution 1 is required to be approved by Shareholders in order for Resolutions 2, 3 and 4 to be passed. Resolution 1 is not conditional on any other Resolution.

The Company requires no approval from Shareholders to proceed with the Proposal in paragraph 1.4 to establish the Investment Monitoring Committee of the Board.

In addition to reviewing this Circular, Shareholders are also encouraged to familiarise themselves with the Company's Half-Yearly Management Report and Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 30 June 2012, which were posted to Shareholders on 31 August 2012 and are available on the Company's website www.aquaresourcesfund.com.

2. Delisting

2.1 Background

The Company announced on 28 June 2012 that it no longer meets the "free float" requirement of LR 6.1.19 of the Listing Rules. This stipulates that at least 25 per cent. of the shares in a company listed on the Official List must be held in "public hands". In calculating this percentage, shares held by shareholders who are directors or who own more than 5 per cent. of the share capital are excluded, as are other categories of shareholdings set out in LR 6.1.19(4). Under LR 9.2.15 it is a continuing obligation of a listed company to comply with LR 6.1.19 at all times.

As at the Latest Practicable Date, only approximately 13.3 per cent. of the Shares were held in "public hands" (calculated in accordance with LR 6.1.19). This is not sufficient to meet the requirements under LR 6.1.19 and does not comply with the continuing obligation in LR 9.2.15. Consequently, pursuant to LR 5.2.2(2), the FSA may cancel the Company's listing or – in certain circumstances – allow a reasonable time to restore the "public hands" shareholding to the required level.

In this context the Board has reviewed the Company's options, including an assessment of the merits of the Company attempting to restore the percentage shareholding to meet the Listing Rule requirements and thereby maintaining its listing. The Company (through the Chairman of the Board, the Company's broker, Cenkos Securities, and its Manager) completed a consultation with certain Shareholders as referred to in section 1 above. A significant majority of these Shareholders advised that they are able to invest in unlisted shares and indeed have a preference for the Delisting. In this regard, section 8 below details the voting intentions of a number of these Shareholders.

2.2 Board considerations

When discussing the option of Delisting, the Board has also considered:

- the poor liquidity and very low daily turnover in the Shares on the London Stock Exchange (in the period between 1 January 2012 and the Date Before the Announcement the Shares traded on only 45 days);
- the persistently wide Share price discount to Net Asset Value per Share (being 71.6 per cent. as at the Date Before the Announcement);
- the concentration of the Company's investment portfolio;

- the advantages and disadvantages of a listing of the Shares on another recognised stock exchange in the context of the known views of those Shareholders who participated in the consultation;
- an overview of the current Shareholder base; and
- the material changes that the Delisting would entail for Shareholders.

In light of the matters outlined above, the Board, as advised by Cenkos Securities, believes that it is in the best interests of the Company and the Shareholders as a whole if the Delisting and the proposed changes to the Articles (see section 3 below) occur as soon as possible and in accordance with the timetable set out in the Listing Rules and the London Stock Exchange's Admission and Disclosure Standards.

Notwithstanding the Delisting, the current Directors intend to continue as Directors, subject to the relevant re-election provisions contained in the Articles and the Code, which the Company will continue to observe.

2.3 **Matters to be taken into account in considering the Delisting**

If the relevant Resolution in respect of the Delisting is approved at the Extraordinary General Meeting, the Company will apply formally to the UK Listing Authority for the Delisting. It is expected that the cancellation of admission of the Shares to the Official List will take effect from 8.00 a.m. on 12 November 2012 (20 Business Days after the date on which the relevant Resolution is passed), and that trading in the Shares on the Main Market will cease at the close of business on 9 November 2012.

In deciding whether or not to vote in favour of the relevant Resolution in respect of the Delisting, Shareholders should take into consideration, among other things, the following:

- if the Delisting occurs, it is likely that, thereafter, there will be no public market for the Shares and the opportunity for Shareholders to realise their investment in the Company by selling their Shares will be reduced;
- following the Delisting, the corporate governance, regulatory and financial reporting regime which applies to companies whose shares are admitted to the Official List and to trading on the Main Market will no longer apply. The Company may achieve costs savings as a result of no longer being subject to the provisions of this regime. The Board is, however, proposing that the Company amend its Articles and continue to comply voluntarily with certain provisions on corporate governance, Related Party Transactions, financial reporting, making amendments to the Investment Objective and Policy, and shareholder notifications similar to those contained in the Listing Rules and the DTRs (see section 3 below) and, as noted above, to continue to report to Shareholders by reference to the Code on a voluntary basis. The Company's voluntary compliance will not be monitored by the FSA and the FSA will not be able to impose any sanctions in respect of any breaches.

Your attention is drawn to Part III of this Circular which contains a summary of these and other effects and risks associated with the Delisting.

Shareholders should note in any event that if the Delisting is not approved by the Shareholders at the Extraordinary General Meeting, the UK Listing Authority, pursuant to LR 5.2.2(2), may cancel the listing of the Shares as the Company no longer meets the "free float" requirement under LR 6.1.19 and cannot comply with the continuing obligation under LR 9.2.15. Notwithstanding the UK Listing Authority's power to cancel the Company's listing in these circumstances, it is the Board's preference that Shareholders should approve the Delisting.

3. **Amendments to the Articles**

In connection with the Delisting certain consequential changes will be required to be made to the Articles. It is proposed that all references in the Articles which will no longer be relevant to the Company as an unlisted company be removed.

In addition, the Listing Rules and DTRs will no longer apply to the Company following the Delisting. The Board is therefore proposing to amend the Articles by adding certain provisions and shareholder protections similar to those contained in the Listing Rules and the DTRs.

Following the Delisting (subject to the relevant Resolution being approved by Shareholders) the Directors will, over the remaining life of the Company, seek to return any capital proceeds (net of fees and expenses) from the Company's investments to Shareholders in an efficient manner. To enable this, the Board is proposing to amend the Articles such that the amount and the timing of any return of capital, and the method by which it is distributed to Shareholders, will be solely in the Board's discretion (subject always to Guernsey law and the New Articles).

A Resolution has been included in the Notice of Extraordinary General Meeting proposing that the New Articles be adopted in place of the existing Articles.

The main changes proposed to be made to the Articles are summarised below. Please also refer to Part III of this Circular which contains a summary of the effects and risks associated with the Delisting and further details of certain proposed changes to the Articles.

3.1 **Corporate governance**

Following the Delisting, the Company will no longer be required under the Listing Rules to apply the "Main Principles" of the Code. Nor will the Company be obliged to comply with mandatory corporate governance disclosure requirements under the DTRs.

However, it is the Board's intention to continue to follow the principles and provisions of the Code and to continue to report against it in the Company's annual reports.

Accordingly, the Board is proposing that the Articles be amended to require the Company to report against the Code in each annual report.

3.2 **Related Party Transactions**

The protections for Shareholders contained in the Listing Rules in respect of Related Party Transactions will no longer apply to the Company following the Delisting. These provisions currently prevent the Company from transacting with its Related Parties without Shareholder approval except in certain limited circumstances.

Accordingly, the Board is proposing that the Articles be amended to require all Related Party Transactions where the Percentage Ratio exceeds 0.25 per cent. to be approved by Shareholders. All other Related Party Transactions will be approved at the discretion of the Board.

3.3 **Reporting and disclosure**

The reporting obligations contained in the Disclosure and Transparency Rules will no longer apply to the Company following the Delisting.

Accordingly, the Board is proposing that the Articles be amended to require the Company to adhere to annual and half-yearly reporting requirements similar to those contained in the DTRs, save that the date by which a half-yearly report must be published will be extended from two months to three months following the end of the period to which the report relates.

In addition to publishing semi-annual and audited annual accounts, it is the Board's intention following the Delisting to keep Shareholders informed of the Company's financial position through the publication of a quarterly statement in respect of the estimated Net Asset Value per Share. This will be published quarterly on the Company's website, www.aquasourcesfund.com. Shareholders should note that the Company does not expect to undertake a new quarterly independent valuation of the Company's assets in respect of the quarterly publication of the estimated Net Asset Value per Share. The quarterly estimated Net Asset Value per Share is intended to reflect empirical changes only (i.e. changes including, but not limited to, foreign exchange currency and listed share price movements) and will be based on the latest available valuation of the Company's underlying portfolio which will be taken as at the previous half-year or year end. The Manager will continue to distribute newsletters to the Shareholders from time to time on matters of interest in relation to the portfolio.

3.4 **Investment Objective and Policy**

The protections for Shareholders contained in the Listing Rules regarding amendments to a listed company's investment policy will no longer apply to the Company following the Delisting. These provisions currently prevent the Company from making material changes to the Investment Objective and Policy without Shareholder approval.

Accordingly, the Board is proposing that the Articles be amended to require the Company to seek Shareholder approval to any material changes to the Investment Objective and Policy.

3.5 **Shareholder notifications**

In accordance with the DTRs, all Shareholders are currently required to notify the Company when their shareholding in the Company reaches, exceeds or falls below certain thresholds. These provisions will cease to apply following the Delisting.

Accordingly, the Board is proposing that the Articles be amended to require the Shareholders to continue to notify the Company in circumstances similar to those contained in the DTRs. Shareholders will be required to notify the Company where they increase their holding of Shares above or decrease their holding of Shares below the following thresholds: 5, 10, 15, 20, 25, 30, 50 and 75 per cent.

The Board intends to make this information available to Shareholders via the Company's website, www.aquaresourcesfund.com.

3.6 **Return of capital**

The Board intends (subject to Resolution 1 in respect of the Delisting being approved by Shareholders) to return the capital proceeds of realising the Company's investments (net of fees and expenses) to Shareholders in an efficient manner over time.

Accordingly, the Board is proposing that the Articles be amended to include provisions relating to the return of such capital proceeds of investments (net of fees and expenses). The timing and method of return of the capital proceeds of investments, which will be made pro-rata by reference to each Shareholder's holding of Shares, will be at the sole discretion of the Board (subject always to the provisions of Guernsey law and the Articles).

Please note that there is no guarantee that investments can be realised or that value can be returned to Shareholders.

3.7 **Pre-emption and Directors' appointment and remuneration**

Existing pre-emption rights of Shareholders and provisions regarding the re-appointment and remuneration of Directors (contained in articles 5.5, 23 and 24 of the Articles, respectively) will remain unamended.

3.8 **New Articles**

A copy of the existing Articles and the New Articles highlighting all proposed amendments will be available for inspection at the registered office of the Company and at the offices of the Company's solicitors, Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS, United Kingdom during normal business hours on any Business Day (Saturdays, Sundays and public holidays excepted) from the date of this Circular until the conclusion of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes prior to, and during, the relevant meeting.

4. **Amendment to the Company's Investment Objective and Policy**

The Company is proposing to amend its Investment Objective and Policy by deleting those words which are crossed out and adding those words which are underlined, as set out below:

"Investment Objective

The Company's investment objective is to provide capital appreciation through exposure to a diversified portfolio of water related investments.

Investment Policy

The Manager is responsible for the discretionary investment management of the assets of the Company and seeks to accomplish the Company's investment objective by:

- seeking exposure to water-related investments (as explained below) on a global basis;
- seeking portfolio diversification by investing across the broad value chain of water-related projects and investments; and
- seeking to control risk through such portfolio diversification, investment vehicle selection and implementation of risk control strategies.

No assurance can be given, however, that the Company will achieve its investment objective, and investment results may vary substantially over time and from period to period.

No New Investments

It is the general policy of the Company not to make new investments. It is the intention of the Company to continue to meet its existing capital commitments. The Company may support follow-on commitments in existing investments subject to prior approval by the Board.

Diversification

~~The Company's portfolio of assets and investments from time to time (the "Portfolio") will be diversified by factors such as geography, water sector and investment type, structure and size. The Company may invest in companies and projects in both mature and emerging markets. There will be no predetermined limit per region, but for diversification purposes the Company will invest in at least three regions of the world.~~

~~Investments will be sought in a diverse range of water sectors. Once investments have been completed, it is anticipated that no single investment, at the time of acquisition, may exceed 30% of the gross assets of the Company. For these purposes, where the Company invests in a portfolio of assets, each individual underlying asset shall be treated as a single investment and where the Company invests by means of a holding company, joint venture or similar investment or investment vehicle, each underlying asset shall be treated as a single investment.~~

~~In addition, in exceptional circumstances, the Board may authorise the acquisition of an investment or asset which exceeds the 30 per cent limit and is up to 50% of gross assets, at the time of acquisition. Such authorisation may only be given in circumstances where the Board considers the acquisition to be of strategic importance to the Company in achieving its overall investment objective and the Manager has, at the time of acquisition, presented to the Board for approval a proposal for rebalancing the Portfolio to within the 30% limit as soon as practicable (and in any event within a period not exceeding 18 months) by means of further capital raisings, additional investments, disposals of part of an investment or otherwise.~~

Asset Allocation

Investments may be made within a diverse range of water-related ~~segments~~ sectors including infrastructure, technology, recycling and treatment and in water-related projects such as wastewater treatment, water distribution and infrastructure, water-to-energy, clean water, desalination, and others. Investment will comprise primarily direct stakes in unquoted water-related companies and projects. A target threshold of at least 60% water-related activity will be set for an investment to be considered "water-related".

Gearing

~~Whilst the Articles of Association of the Company permit maximum borrowings of up to 30% of ~~net asset value~~ the Net Asset Value of the Company, the Company's policy is to ensure that its aggregate borrowings ~~from time to time~~ at the time of drawdown of any debt do not exceed a maximum of 20% of ~~net asset value~~ the Net Asset Value of the Company. ~~Initially,~~ The Directors intend to use this facility primarily for short term liquidity, to facilitate the operation of the Company's over-commitment policy, for working capital requirements and to fund share buybacks. However, borrowings may also be used for investment financing in certain cases and, if the Directors deem it prudent, the Company may borrow for longer term purposes.~~

General

~~It is the intention of the Directors, subject to market conditions, for~~ As at 30 June 2012, the Company to be had invested approximately 92 per cent. of its net assets. The Company intends to remain substantially invested or committed (i.e. 80 to 85%) in accordance with its investment policy within 12 to 18 months of Admission and thereafter at all times going forwards, although the Manager may exercise its discretion to hold cash or cash equivalent instruments at any time as appropriate. ~~Pending such investment the net proceeds of the initial placing of the Company's Ordinary Shares at Admission will be held in cash or fixed~~

~~income securities (including, but not limited to, bank deposits, bonds or government issued treasury securities) for the purpose of protecting the Company's capital assets. Income earned from its investments will be reinvested by the Company in accordance with its investment policy, subject to working capital requirements.~~

The Portfolio is expected to comprise investments in multiple currencies. The Company will not systematically hedge its currency exposure, but may evaluate on a case-by-case basis the potential benefits of hedging against interest rate ~~risk~~ risk or currency risk related to assets not denominated in Euro. The Company may, where appropriate, also enter into forward interest rate agreements, forward currency agreements, interest rate and bond futures contracts and interest rate swaps and purchase or enter into put or call options on interest rates and put or call options on futures of interest rates. Any currency hedging will only be used for the purposes of efficient portfolio management and will not be used for any currency speculation.

In order for the Company to maximise the percentage of total assets invested at any given period of time, the Manager ~~intends to~~ may follow an over-commitment strategy, subject to any guidelines set by the Board. The Board has set a guideline that the Company's total commitments should not exceed 150% of the current gross assets of the Company (as determined by the Directors and the Manager at the time of acquisition or commitment), subject to such commitments being in accordance with the Company's investment policy. Whilst the Board may increase or reduce this percentage in its discretion in the future, it has no current intention to do so.

~~The Company will comply with certain investment restrictions for so long as they remain requirements of the UK Listing Authority as set out below. The Directors do not currently intend to propose any material changes to the Company's investment objective and policy, save in the case of exceptional and unforeseen circumstances. As long as the Listing Rules so require, any material change to the investment policy of the Company will be made only with the approval of shareholders.~~

Disposals

As and when the Company realises its investments, the Company may, at the sole discretion of the Board, either: (i) return capital to Shareholders; or (ii) retain proceeds in order to meet the Company's follow-on commitments in existing investments or other obligations of the Company from time to time.

Investment restrictions

~~The Company will comply with the following investment restrictions for so long as they remain requirements of the UK Listing Authority:~~

~~the~~ ~~The~~ Company and any of its Subsidiaries must not conduct a trading activity which is significant in the context of its group as a whole. This does not prevent the businesses forming part of the Portfolio from conducting trading activities themselves; ~~and~~

~~not more than 10% in aggregate of the value of the total assets of the Company at the time of Admission may be invested in other listed closed ended investment funds except that this restriction shall not apply to investments in closed ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other listed closed ended investment funds; and~~

~~the Company will notify to a regulatory information service within five business days of the end of each quarter, a list of all investments in other listed closed ended investment funds, as at the last business day of that quarter, which themselves do not have stated investment policies to invest no more than 15% of their total assets in other listed closed ended investment funds.~~

Although there is no restriction on the Company taking a controlling stake in an investee company, to ensure a spread of investment risk the Company will avoid:

- cross financing between the businesses forming part of its Portfolio including, for example, through the provision of undertakings or security for borrowings by such businesses for the benefit of another; and
- the operation of common treasury functions as between the Company and investee companies.

The Company will, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the investment policy set out above.”

Under the Listing Rules, material amendments to a listed company’s investment objective and policy require shareholder consent. As such, a Resolution is to be proposed at the EGM seeking the approval of Shareholders to amend the Investment Objective and Policy as described in this section 4.

The changes to the Investment Objective and Policy, if approved by the Shareholders, are conditional on the Delisting taking place and will take effect on the day of the Delisting. The proposed Investment Objective and Policy (in the form set out above) does not meet the investment policy criteria set forth in the Listing Rules for listed companies. However, following the Delisting, the Company will cease to be listed and consequently will no longer be required to comply with these provisions of the Listing Rules.

In the event that Resolution 3 is not passed at the EGM, the Company will continue to operate under its current Investment Objective and Policy and the Board will consider alternative proposals for the future of the Company.

After the Delisting and subject to the relevant Resolution being approved by Shareholders, material changes to the Investment Objective and Policy will be subject to approval by the Shareholders as stipulated in paragraph 3.4 of this letter.

5. Investment Monitoring Committee of the Board

In the context of the proposed Delisting and the other Proposals, as well as the Company’s circumstances and the feedback from Shareholders referred to above, the Board wishes to ensure that oversight of the Company’s portfolio, costs, expenses and transactions (including future investments and disposals) remains its key focus. This includes, in particular, the supervision of the ongoing management of individual portfolio holdings and the Company’s expenditure.

The Board is sensitive to the level of costs incurred by the Company. To mitigate expenditure, the Board will continue to focus on realising value from existing investments, significantly reducing costs and ensuring transparency and accountability for all expenses incurred by the Company’s service providers and by the Board.

To assist with this, the Board has determined to form an Investment Monitoring Committee of the Board. The members of the Investment Monitoring Committee will be appointed by the Board in its sole discretion and may include non-Board members. The Board has agreed that the Manager shall be entitled to nominate a member to the Investment Monitoring Committee. It is the Board’s intention to also invite the JPM Funds to nominate a member to the Investment Monitoring Committee.

The remit of the Investment Monitoring Committee will, among other things, initially be to monitor compliance with the Investment Objective and Policy, Standing Instructions and other Investment Guidelines set by the Board from time to time, and to advise the Board accordingly.

Shareholder approval is not required to establish the Investment Monitoring Committee.

6. Tender Offer

6.1 Background

Subject to the relevant Resolution being passed at the EGM in accordance with Guernsey law, the Company will undertake a Tender Offer at the Tender Price to give Shareholders (other than Restricted Shareholders) the opportunity to tender some or all of their Shares for purchase by Cenkos Securities on behalf of the Company.

The Shares are ordinary shares of no par value in the Company, Aqua Resources Fund Limited, which is a closed-ended investment fund established to provide capital appreciation through diversified exposure to a global portfolio of water-related investments. The rights to profit attributable to the Shares are as set out in the Articles and, following the Delisting (subject to approval), as set out in the New Articles.

The Tender Offer is subject to the restrictions set out in this Circular and, in particular, the Tender Threshold described below. The Tender Offer gives Shareholders an option to sell down some or all of their Shares ahead of the Delisting.

As detailed in the announcement on 14 August 2012, the JPM Funds indicated to the Company that they were, as at that date, willing to acquire up to 10,294,911 Shares for €0.35 per Share from those Shareholders who wished to sell down their shareholding in the Company prior to the Delisting taking place (the “**JPM PEA Proposals**”). The Tender Offer aims to facilitate the JPM PEA Proposals and, as such, those Shares purchased by Cenkos Securities on behalf of the Company during the Tender Offer will be made available for purchase by the JPM Funds for €0.35 per Share (the “**JPM Purchase**”).

The proposed JPM Purchase will have no effect on the Company and there are no benefits which are expected to accrue to the Company as the result of the JPM Purchase.

If the Tender Offer lapses or is terminated, the tendered Shares will be returned to the relevant Shareholders.

6.2 **Related Party Transaction**

Each JPM Fund is a Shareholder of the Company. In aggregate, the JPM Funds hold 16,801,926 Shares and control 23.2 per cent. of the voting rights in the Company (as at the Latest Practicable Date). Under the Listing Rules the JPM Funds are deemed to be Related Parties of the Company and, consequently, conducting the Tender Offer to facilitate the JPM PEA Proposals will constitute a Related Party Transaction. As such, the Tender Offer will require the approval of Shareholders who are independent from the JPM Funds and is conditional on that approval being received.

The nature and extent of the interest the JPM Funds have in the Tender Offer is set out in paragraph 6.1 above, which explains the JPM PEA Proposals. Shareholders are being asked to vote to approve conducting the Tender Offer to facilitate the JPM PEA Proposals because the Tender Offer is, subject to the discretion of Cenkos Securities, conditional on the JPM Funds booking the relevant trade to purchase the successfully tendered Shares and the JPM Funds are Related Parties of the Company. The JPM Funds will not vote on Resolution 4 at the EGM and have undertaken to take all reasonable steps to ensure that their respective associates will not vote on Resolution 4 at the EGM.

6.3 **Tender Threshold and Tender Entitlement**

On the date of the announcement of the Tender Offer and the JPM PEA Proposals, the Tender Offer was expected to be for up to 10,294,911 Shares or such other lower number of Shares which, following the completion of the JPM Purchase, would cause the JPM Funds to control a maximum of 29.9 per cent. of voting rights in the Company (the “**Tender Threshold**”). Since then, the JPM Funds have acquired 5,430,000 Shares, causing them to control 23.2 per cent. of the voting rights in the Company (as at the Latest Practicable Date).

Accordingly, as at 18 September 2012 (the Latest Practicable Date):

- **the Tender Threshold was 4,864,911 Shares;**
- **the value per Share was €0.35 (which is at a discount of 51.1 per cent. to the latest published estimated unaudited Net Asset Value per Share of €0.7155 as at 30 June 2012); and**
- **the aggregate value of the Shares permitted to be tendered pursuant to the Tender Offer was €1,702,719.**

Under the terms of the Tender Offer, Shareholders (other than Restricted Shareholders) will be entitled to tender up to their individual Tender Entitlement. Each Shareholder's Tender Entitlement will be calculated by reference to the total number of Shares permitted to be tendered under the Tender Offer. Excess tenders above a Shareholder's Tender Entitlement may be satisfied but only to the extent that other Shareholders tender less or none of their respective Tender Entitlements and will be satisfied on a *pro rata* basis.

As at the Latest Practicable Date, the JPM Funds together held 16,801,926 Shares (23.2 per cent. of the Shares in issue). The JPM Funds have indicated that they will not tender any of these Shares under the Tender Offer. Other Shareholders (who as at the same date accounted for 39,000,000 Shares, being 53.8 per cent. of the Shares in issue) have also indicated that they will not tender their respective Shares under the Tender Offer.

6.4 **Tender Price**

The Tender Price of €0.35 per Share was at a premium of 20.7 per cent. to the closing price of €0.29 per Share as at the Date Before the Announcement and a discount of 65.7 per cent. to the then latest published estimated unaudited Net Asset Value per Share of €1.02086 as at 31 March 2012. As at the Latest Practicable Date, the Tender Price per Share was at a premium of 2.9 per cent. to the closing price of €0.34 per Share and a discount of 51.1 per cent. to the then latest published estimated unaudited Net Asset Value per Share of €0.7155 as at 30 June 2012.

Payment of monies in respect of any successfully tendered uncertificated Shares will be made via CREST on or around the week commencing 5 November 2012 and, in the case of successfully tendered certificated Shares, by cheque on or around the week commencing 5 November 2012.

6.5 **Other details**

Tender applications will be rounded down to the nearest whole number of Shares. The Tender Offer is only available to Shareholders (other than Restricted Shareholders) appearing on the register of members as at the Record Date and only in respect of Shares held by them at such time.

Shareholders' attention is drawn to the letter from Cenkos Securities set out in Part II of this Circular and to Part IV of this Circular which, together with the Tender Form, constitute the terms and conditions of the Tender Offer. Details of how Shareholders will be able to tender Shares can be found in section 3 of Part IV of this Circular.

The Company will, if the relevant Resolution to approve such authority is passed at the EGM in accordance with Guernsey law, be authorised to purchase up to 4,864,911 Shares or such other lower number of Shares as equates to the Tender Threshold. If approved, such authority will expire on the first to occur of: (i) the completion of the Tender Offer; (ii) the withdrawal of the Tender Offer by the Company; or (iii) the Tender Offer lapsing in accordance with the terms and conditions set out in this Circular.

Shareholders are not obliged to tender any Shares and those Shareholders who do not wish to tender their Shares in the Tender Offer should not return the Tender Form or make a TTE Instruction (as applicable). Once submitted, a Tender Form or TTE Instruction is irrevocable and cannot be withdrawn without the consent of the Company. Shareholders should note that, once tendered, Shares may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

The Directors make no recommendations to Shareholders in relation to participation in the Tender Offer. Whether or not Shareholders decide to tender any Shares is a matter for each Shareholder and will depend, among other things, on their view of the Delisting, the Company's prospects and their individual circumstances, including their tax position. In making their own decisions Shareholders are recommended to consult their own financial and tax adviser. Please note that I do not intend to tender any of my Shares under the Tender Offer.

7. **Extraordinary General Meeting**

In order for certain of the Proposals to become effective, the corresponding Resolution must first be approved by Shareholders at the Extraordinary General Meeting. The EGM has been convened for 11.00 a.m. on 12 October 2012 to be held at Arnold House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3NF, Channel Islands for the purpose of considering and, if thought fit, approving the Resolutions.

The Company will propose that the following Resolutions be approved by Shareholders at the EGM, as set out set out in the Notice of Extraordinary General Meeting:

- Resolution 1, pertaining to the Proposal in paragraph 1.1 regarding the Delisting;
- Resolution 2, pertaining to the Proposal in paragraph 1.2 regarding the New Articles;
- Resolution 3, pertaining to the Proposal in paragraph 1.3 regarding amending the Investment Objective and Policy; and
- Resolution 4, pertaining to the Proposal in paragraph 1.5 regarding the Tender Offer.

All Resolutions are set out in the Notice of Extraordinary General Meeting, which you will find at the end of this Circular. To be passed, the Resolutions would require the following Shareholder approvals under the Listing Rules, the Articles and the Guernsey Companies Law:

- in respect of each of Resolution 1 and Resolution 2, a Special Resolution, requiring the approval of not less than 75 per cent. of the Shareholders who vote in person or by proxy at a general meeting of the Company; and
- in respect of each of Resolution 3 and Resolution 4, an Ordinary Resolution, requiring the approval of not less than 50 per cent. of the Shareholders who vote in person or by proxy at a general meeting of the Company.

If Resolutions 1, 2 and 3 are approved, the Proposals in respect of the Delisting, the New Articles and the amendments to the Investment Objective and Policy will take effect on the date of the Delisting, which is currently expected to occur on 12 November 2012.

If Resolution 4 is approved, the authority in respect of the Tender Offer will become effective immediately and will expire on the earlier of (i) the completion of the Tender Offer; (ii) the withdrawal of the Tender Offer by the Company; or (iii) the Tender Offer lapsing in accordance with the terms and conditions set out in this Circular.

Resolutions 2, 3 and 4 are conditional on Resolution 1 and therefore Resolution 1 is required to be approved by Shareholders in order for Resolutions 2, 3 and 4 to be passed. Resolution 1 is not conditional on any other Resolution.

8. Letters of intent

A number of Shareholders, together holding approximately 77 per cent. of the Shares in issue, have signed a letter of intent indicating that they: (i) intend to vote in favour of Resolutions 1, 2 and 3; and (ii) will not tender their respective Shares under the Tender Offer.

As the JPM Funds are Related Parties of the Company, they will not be voting on Resolution 4 (in respect of the Tender Offer and the JPM Purchase). However, other Shareholders, together holding approximately 53.8 per cent. of Shares in issue, have signed a letter of intent indicating that they intend to vote in favour of Resolution 4.

Shareholders should note that these letters of intent are not contractually binding on the relevant Shareholders and, as such, these Shareholders may vote in favour of or against any Resolution on the day of the EGM.

Copies of these letters will be available for inspection at the registered office of the Company and at the offices of the Company's solicitors, Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS, United Kingdom during normal business hours on any Business Day (Saturdays, Sundays and public holidays excepted) during the period up to and including the day of the EGM.

9. Recommendation

In the opinion of the Board, the Proposals are in the best interests of the Shareholders as a whole. The Board has received financial advice from Cenkos Securities and, in giving that financial advice (other than in respect of the Tender Offer), Cenkos Securities has taken account of the Board's commercial assessments.

It is the Board's opinion that conducting the Tender Offer to facilitate the JPM PEA Proposals is fair and reasonable as far as the Shareholders are concerned. The Directors have been so advised by Cenkos Securities.

The Board unanimously recommends that Shareholders vote in favour of Resolutions 1, 2, 3 and 4 to be proposed at the Extraordinary General Meeting, as I intend to do in respect of my own beneficial holdings of 62,500 Shares, representing approximately 0.1 per cent. of the issued Shares of the Company. Please note that Fergus Dunlop and Charles Parkinson do not own any Shares.

10. Action to be taken

You will find enclosed with this Circular a Form of Proxy for use at the EGM. Whether or not you intend to be present at the EGM and whether or not you wish to tender any of your Shares under the Tender Offer, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed thereon and to return it to Capita Registrars as soon as possible and, in

any event, so as to be received by Capita Registrars not later than 11.00 a.m. on 10 October 2012. Completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

Only Shareholders who hold Shares at the close of business on the Record Date may participate in the Tender Offer.

Shareholders wishing to tender Shares for purchase under the Tender Offer should ensure that in respect of Shares tendered that are held in certificated form (that is, not in CREST), their completed Tender Form(s), along with their share certificate(s), are returned by post or by hand (during normal business hours only) to Capita Registrars so as to be received no later than 1.00 p.m. on 31 October 2012. Shareholders wishing to tender Shares for purchase under the Tender Offer who hold Shares in uncertificated form (that is, in CREST) should arrange for the Shares tendered to be transferred to escrow so that the relevant TTE Instruction(s) settle(s) no later than 1.00 p.m. on 31 October 2012.

A Tender Form or TTE Instruction once lodged may not be withdrawn without the consent of the Company.

Further details of the procedures for tendering Shares and settlement are set out in Part IV of this Circular.

Shareholders who do not wish to sell any Shares under the Tender Offer should not submit a completed Tender Form or make a TTE Instruction.

Yours faithfully

Hasan Askari
Chairman

PART II
LETTER FROM CENKOS SECURITIES

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London EC2R 7AS

20 September 2012

Dear Shareholder

As explained in the letter from your Chairman in Part I of this Circular, Shareholders are being given the opportunity to tender some or all of their Shares for purchase under the Tender Offer, subject to the restrictions set out below, at the Tender Price. The purpose of this letter is to set out the principal terms and conditions of the Tender Offer.

Cenkos Securities hereby invites Shareholders on the register of members on the Record Date to tender Shares for purchase for cash at the Tender Price. The JPM Funds have agreed to purchase the Shares purchased by Cenkos Securities on behalf of the Company under the Tender Offer for €0.35 per Share.

On the date of the announcement of the Tender Offer and the JPM PEA Proposals, the Tender Offer was for up to 10,294,911 Shares or such other lower number of Shares as amounts to the Tender Threshold. As at the Latest Practicable Date the Tender Threshold was 4,864,911 Shares and accordingly each Shareholder's Tender Entitlement was to sell 6.7 per cent. of their respective shareholding. The Tender Threshold and each Shareholder's Tender Entitlement will be further adjusted in the period prior to the Tender Date to reflect any further purchases of Shares by the JPM Funds.

Under the terms of the Tender Offer, Shareholders (other than Restricted Shareholders) will be entitled to tender up to their individual Tender Entitlement. Each Shareholder's Tender Entitlement will be calculated by reference to the total number of Shares permitted to be tendered under the Tender Offer. Excess tenders above a Shareholder's Tender Entitlement may be satisfied but only to the extent that other Shareholders tender less or none of their respective Tender Entitlements and will be satisfied on a *pro rata* basis.

The Tender Offer is made on the terms and subject to the conditions set out in this letter, Parts I and IV of this Circular and the Tender Form, the terms of which will be deemed to be incorporated in this document and form part of the Tender Offer.

Cenkos Securities is acting for the Company and no one else in connection with the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cenkos Securities nor for providing advice in relation to the Tender Offer. Cenkos Securities has given and not withdrawn its written consent to the inclusion of the reference to its name in the form and context in which it is included in the Circular.

1. Procedure for Tendering Shares

Shareholders who hold their Shares in certificated form who wish to tender Shares should complete the Tender Form in accordance with the instructions set out therein and return the completed Tender Form in the enclosed reply-paid envelope or using their own envelope or delivering by hand (during normal business hours) to Capita Registrars so as to arrive by no later than 1.00 p.m. on 31 October 2012. Such Shareholders should also return the share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Form.

Shareholders holding Shares in uncertificated form who wish to tender Shares for purchase in the Tender Offer should transmit the appropriate TTE Instruction in CREST as set out in paragraph 3.2 of Part IV of this document so as to be received as soon as possible and, in any event by no later than 1.00 p.m. on 31 October 2012.

Shareholders should note that, once tendered, Shares may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

Full details of the procedure for tendering Shares are set out in Part IV of the Circular and on the Tender Form.

2. Validity of Tender Forms or TTE Instructions

Tender Forms or TTE instructions which are received by Capita Registrars after 1.00 p.m. on 31 October 2012 or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions may be rejected and returned to Shareholders.

Cenkos Securities reserves the right to treat as valid Tender Forms or TTE instructions which are not entirely in order and which are not accompanied (in the case of Shares held in certificated form) by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.

3. Restricted Shareholders and Overseas Shareholders

The Tender Offer is not available to Shareholders with registered or mailing addresses in the United States, Canada, Australia, South Africa or Japan, or who are citizens or nationals of, or resident in, the United States, Canada, Australia, South Africa or Japan and such Shareholders should read section 7 of Part IV of the Circular and the relevant provisions of the Tender Form.

Overseas Shareholders who wish to accept the Tender Offer should also read section 7 of Part IV and satisfy themselves that they have fully observed any applicable legal requirements under the laws of the relevant jurisdiction.

4. Conditions

The Tender Offer is conditional, amongst other things, on: (i) the passing of the relevant Resolution, as set out in the Notice of Extraordinary General Meeting, by no later than 12 October 2012 or such later date (being not later than 30 Business Days after 12 October 2012) as the Company and Cenkos Securities may determine; and (ii) the JPM Funds having booked the trade(s) to purchase the tendered Shares. The Tender Offer is further conditional on the terms specified in Part I and the additional Conditions set out in section 2 of Part IV of the Circular.

5. Termination of Tender Offer

The Tender Offer may be terminated in the circumstances described in section 8 of Part IV of the Circular. In this case all tendered Shares will be returned to the relevant shareholders.

6. Settlement

Subject to the Tender Offer becoming unconditional, payment of the Tender Price due to Shareholders whose tenders under the Tender Offer have been accepted will be made in Euros, in the case of Shares held in uncertificated form, by a CREST payment, on or around the week commencing 5 November 2012, or, in the case of Shares held in certificated form, by a cheque drawn on a branch of a UK clearing bank on or around the week commencing 5 November 2012.

7. Further Information

Your attention is drawn to the information contained in the rest of the Circular, including, in particular, the terms and conditions of the Tender Offer in Part IV.

Yours faithfully

G.W.E. Rogers

For and on behalf of
Cenkos Securities plc

PART III

EFFECTS AND RISKS OF THE PROPOSALS

Shareholders should consider carefully all of the information set out in this Circular including, in particular, the effects of the implementation of the Proposals described below, as well as their own personal circumstances, prior to making any decisions as to whether or not to vote in favour of the Resolutions and/or tender any Shares in the Tender Offer.

1. Risk factors

Shareholders should note that the implementation of the Proposals in respect of the Delisting and the Tender Offer is subject to the material known risks described below. The Company's business, financial condition or results of operations could be materially and adversely affected by any of these material known risks. In such case, the value of the Shares may decline and Shareholders could lose all or part of their investment. Additional risks and uncertainties relating to the Company that are not currently known to it, or that it currently deems immaterial, may also have a material adverse effect on the Company's business, financial condition and operating results.

1.1 **Resolution 1**

Shareholders should be aware of the following considerations relating to Resolution 1 (Delisting):

- Through the approval of Resolution 1, the Company will cease to be a listed company and, consequently, the regulatory regime applicable to companies with shares listed on the Official List, including, in particular, the Listing Rules, DTRs and the Code, will cease to apply on the Delisting. The Company's decision to comply with certain principles contained in the Listing Rules, the Disclosure and Transparency Rules and/or the Code following the Delisting is selective and voluntary and will be achieved by amending the Articles as set out in section 3 of Part I of this Circular. This means that the FSA will have no authority to monitor the Company's voluntary compliance nor to impose any sanctions in respect of any breaches. A Shareholder's remedy for the Company's failure to comply with the provisions of the New Articles (if approved at the EGM) will be in accordance with the Guernsey law.
- It is likely that it will be more difficult for Shareholders to realise their investment in an unlisted company than to realise an investment in a company whose shares are listed on the Official List and traded on the Main Market.
- Shareholders should be aware that the value of the Shares could go down as well as up, and Shareholders may not be able to recover their original investment.
- Following the Delisting, it will not be possible for the Company to purchase its own Shares in the market and so the Company will not have a means of increasing the Net Asset Value per Share and addressing the imbalance between the supply of, and demand for, Shares.

1.2 **Resolution 4**

Shareholders should be aware of the following considerations relating to Resolution 4 (Tender Offer):

- Shareholders tendering Shares for sale under the Tender Offer will receive the Tender Price per Share, which may be less than the price at which they bought their Shares or the price or value at which they might ultimately realise their Shares should they continue to hold them.
- Tender Forms, once submitted, are irrevocable. Shareholders should note that all Shares tendered will be held in escrow by Capita Registrars and may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer. The price of the Shares and the Company's Net Asset Value may rise or fall following submission of a Tender Form. If the Tender Offer lapses or is terminated in accordance with the terms and conditions set out in this Circular, all tendered Shares will be returned to the relevant Shareholders.

- If Resolution 4 is approved and the Tender Offer is conducted to facilitate the JPM PEA Proposals, such that the number of Shares successfully tendered and subsequently sold to the JPM Funds meets the Tender Threshold, the JPM Funds, together, would hold 29.99 per cent. of the Company's Shares and would therefore exercise significant influence over the affairs of the Company. In particular, as Shareholders which hold in aggregate more than 25 per cent. of the Shares, the JPM Funds, together, will be able to block any Special Resolution of the Company.
- The Tender Offer is contingent on the JPM Funds purchasing from Cenkos Securities the Shares tendered pursuant to the Tender Offer. If JPM Funds do not purchase from Cenkos Securities the Shares tendered pursuant to the Tender Offer, the Tender Offer will lapse and all tendered Shares will be returned to the relevant Shareholders. Where the Tender Offer is terminated or lapses, Shareholders will only be able to dispose of their Shares ahead of the proposed Delisting by trading on the Main Market and, following the Delisting, will become minority shareholders in a unlisted company. Please refer to the risks highlighted under paragraph 1.1 above for further information on the risks associated with the Delisting.

The Board considers that, as at the Latest Practicable Date, the Proposals in respect of amending the Investment Objective and Policy, replacing the Articles with the New Articles, and the formation of the Investment Monitoring Committee are not subject to any material known risks.

2. Corporate governance

The corporate governance disclosure requirements for listed companies are set out in the Disclosure and Transparency Rules, the Listing Rules and the Code (together, the "**Corporate Governance Regime**"). The Company is currently subject to the Corporate Governance Regime.

As a consequence of the Delisting, the Corporate Governance Regime will cease to apply to the Company as it will no longer be admitted to the Official List and to trading on the Main Market. Accordingly, following the Delisting, the Company will not be required under the Listing Rules to apply the "Main Principles" of the Code. Nor will the Company be obliged to comply with the mandatory corporate governance disclosure requirements in the DTRs.

To counteract this effect of the Delisting, it is the Board's intention to continue to follow the principles and provisions of the Code voluntarily and to continue to report against it in the Company's annual reports. The Board is proposing to amend the Articles to reflect this. The Articles currently contain provisions regarding the re-appointment and remuneration of directors (articles 23 and 24 of the Articles) which already reflect the principles of the Code and which will not be amended in the New Articles. Section 3 of Part I of this Circular sets out details about some of the key proposed changes to the Articles. The New Articles will be available for inspection at the registered office of the Company and at the offices of the Company's solicitors, Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS, United Kingdom during normal business hours on any Business Day (Saturdays, Sundays and public holidays excepted) from the date of this Circular until the conclusion of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes prior to, and during, the relevant meeting.

In reporting against the Code, the Company will aim to illustrate how its actual practices are consistent with the principles and provisions of the Code. However, taking into account the individual circumstances of the Company (such as the proposed Delisting and changes to the Investment Objective and Policy), the relative size and complexity of the Company, and the nature of the risks and challenges it faces, the Board recognises that certain provisions of the Code may become disproportionate or less relevant to the Company. For example, the Company may be unable to comply with the following provisions of the Code: A.4.1 (senior independent director), D.1.1 and D.1.2 (remuneration for executive directors); D.2.1 and D.2.2 (remuneration committee for setting remuneration of executive directors); D.2.4 (Listing Rules provisions regarding long-term incentive schemes); E.2.3 (chairmen of audit, remuneration and nomination committees available for questions).

In the spirit of the Code, the Company will provide Shareholders with explanations and reasons wherever it is unable to comply with a provision of the Code.

Following the Delisting, the Company's compliance with the New Articles (if approved) will become subject only to Guernsey law. The FSA will have no authority to monitor the Company's

compliance with those principles of the Corporate Governance Regime which the Company has voluntarily elected to include in the New Articles. The FSA will not be able to impose any sanctions in respect of breaches by the Company of the New Articles.

The provisions of the Corporate Governance Regime will no longer apply to the Company following the Delisting.

3. Listing Rules

The Company is currently subject to the Listing Rules. However, as a consequence of the Delisting, the Listing Rules will cease to apply to the Company as it will no longer be admitted to the Official List and to trading on the Main Market.

To counteract this effect of the Delisting, the Board is proposing to amend the Articles to incorporate certain underlying principles and protections contained in the Listing Rules in relation to the following:

- Related Parties and Related Party Transactions (LR 11);
- the requirement to obtain Shareholders' consent to material amendments of the Investment Objective and Policy (LR 15.4.2, 15.4.8 and 15.4.9);
- the requirement for the independence of the Board (LR 15.2.11, 15.2.11A, 15.2.12-A, 15.2.12A and 15.2.13A);
- certain contents requirements of proxy forms (LR 9.3.6 and 9.3.7);
- the contents of annual reports (for example, to ensure that each annual report contains a statement by the Directors that the business of the Company is a going concern) (LR 9.8.7, 9.8.4(3), 9.8.10, 15.6.2, 15.6.6); and
- the contents of half-yearly reports (for example, to ensure that each half-yearly report contains information showing the split between dividends and interest received) (LR 15.6.7).

Section 3 of Part I of this Circular sets out further details about some of the key proposed changes. The New Articles will be available for inspection at the registered office of the Company and at the offices of the Company's solicitors, Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS, United Kingdom during normal business hours on any Business Day (Saturdays, Sundays and public holidays excepted) from the date of this Circular until the conclusion of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes prior to, and during, the relevant meeting.

Following the Delisting, the Company's compliance with the New Articles (if approved) will become subject only to Guernsey law. The FSA will have no authority to monitor the Company's compliance with those principles of the Listing Rules which the Company has voluntarily elected to include in the New Articles. The FSA will not be able to impose any sanctions in respect of breaches by the Company of the New Articles.

The Listing Rules will no longer apply to the Company following the Delisting.

4. Disclosure and Transparency Rules

The Company is currently subject to the Disclosure and Transparency Rules. However, as a consequence of the Delisting, the DTR's will cease to apply to the Company as it will no longer be admitted to the Official List and to trading on the Main Market.

To counteract this effect of the Delisting, the Board is proposing to amend the Articles to incorporate certain underlying principles and protections contained in the DTRs in relation to the following:

- the requirement that a Shareholder notify the Company when their shareholding in the Company reaches, exceeds or falls below the following thresholds: 5, 10, 15, 20, 25, 30, 50 and 75 per cent. (DTR 5.1.2);
- the requirement that the Company, if it acquires or disposes of Shares, notify Shareholders of the percentage of voting rights attributable to those Shares where that percentage reaches, exceeds or falls below the thresholds of 5 per cent. or 10 per cent. (DTR 5.5);
- the contents and timing of annual reports (for example, to ensure that each annual report contains a responsibility statement from the Directors) (DTR 4.1.3, 4.1.5, 4.1.6, 4.1.7, 4.1.8, 4.1.9, 4.1.10, 4.1.11 and 4.1.12); and

- the contents and timing of half-yearly reports (for example, to ensure that each half-yearly report contains a responsibility statement from the Directors) (DTR 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9 and 4.2.10), save that the date by which a half-yearly report must be published will be extended from two months to three months following the end of the period to which the report relates.

Section 3 of Part 1 of this Circular sets out further details about some of the key proposed changes. Shareholders are encouraged to read the proposed New Articles highlighting all proposed amendments. The New Articles will be available for inspection at the registered office of the Company and at the offices of the Company's solicitors, Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS, United Kingdom during normal business hours on any Business Day (Saturdays, Sundays and public holidays excepted) from the date of this Circular until the conclusion of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes prior to, and during, the relevant meeting.

Following the Delisting, the Company's compliance with the New Articles (if approved) will become subject only to Guernsey law. The FSA will have no authority to monitor the Company's compliance with those principles of the Disclosure and Transparency Rules which the Company has voluntarily elected to include in the New Articles. Nor will the FSA be able to impose any sanctions in respect of breaches by the Company of the New Articles.

In addition to publishing semi-annual and audited annual accounts, it is the Board's intention following the Delisting to keep Shareholders informed of the Company's financial position through the publication of a quarterly statement in respect of the estimated Net Asset Value per Share. This will be published quarterly on the Company's website, www.aquaresourcesfund.com. Shareholders should note that the Company does not expect to undertake a new quarterly independent valuation of the Company's assets in respect of the quarterly publication of the estimated Net Asset Value per Share. The quarterly estimated Net Asset Value per Share is intended to reflect empirical changes only (i.e. changes including, but not limited to, foreign exchange currency and listed share price movements) and will be based on the latest available valuation of the Company's underlying portfolio which will be taken as at the previous half-year or year end. The Manager will continue to distribute newsletters to the Shareholders from time to time on matters of interest in relation to the portfolio.

The DTRs will no longer apply to the Company following the Delisting.

5. Investment Objective and Policy

Shareholders should note the proposed Investment Objective and Policy (in the form set out in section 4) does not meet the investment policy criteria set forth in the Listing Rules. However, as noted above, the Company will no longer be required to comply with the Listing Rules (including the provisions relating to the contents of a listed company's investment policy) following the Delisting.

6. Disclosure of inside information

As set out in sections 3 and 4 above, the Listing Rules and the DTRs will cease to apply to the Company following the Delisting.

As the result of the Delisting, the Company will be under no obligation to publicly disclose any information which would be "inside information" (for the purpose of DTR 2.2) concerning its Group, meaning principally information which affects the assets and liabilities of the Group, the performance, or the expectation of performance, of the Group's businesses, the financial condition of the Company, the course of the Group's business and any major new developments in the Group's business.

7. No FSA oversight

As set out in sections 3 and 4 above, the Listing Rules and the DTRs will cease to apply to the Company following the Delisting.

If the Delisting occurs, compliance by the Company with certain sections of the Listing Rules and/or the DTRs will be on a voluntary basis, as set out in the New Articles (subject to approval). The FSA will have no authority over the Company and will not be able to impose sanctions in respect of any breaches of any provisions or principles of the Listing Rules, the DTRs and/or the Code.

A Shareholder's remedy for the Company's failure to comply with the provisions of the New Articles (if approved at the EGM) will be in accordance with the Guernsey law.

8. The Takeover Code

Shareholders should note that following the Delisting, the provisions of The Takeover Code will continue to apply to the Company for a period of ten years.

9. Guernsey requirements

The Guernsey Authorised Closed-Ended Investment Schemes Rules 2008 provides that the Company's administrator must submit the Company's annual report and accounts to the Guernsey Financial Services Commission within six months following the end of the annual accounting period. The Guernsey Companies Law also provides that the Company's annual report and accounts are to be sent to Shareholders within 12 months after the end of the financial year to which they relate. These provisions will continue to apply following Delisting.

10. Realisation and transfer of Shares

10.1 *Investment in an unlisted company*

The realisation of an investment by a shareholder in an unlisted company is likely to be more difficult than the realisation of an investment in a company whose shares are listed on the Official List.

Following the Delisting, the price at which Shareholders may realise their Shares may also be influenced by a large number of factors, some of which are specific to the Company and others which are extraneous.

Shareholders should be aware that the value of the Shares could go down as well as up, and Shareholders may not be able to recover any of their original investment.

10.2 *Future transfers of Shares*

The Board intends that the Shares should remain in CREST following the Delisting. However, the Board may decide to remove the Shares from CREST if the number of Shareholders holding Shares through CREST becomes so low that it is no longer in the interests of the Company to pay the annual costs of a registrar or, if otherwise, the Shares were to cease to qualify for holding in CREST.

Shareholders should contact the Company if they wish to transfer some or all of their Shares following the Delisting.

11. Taxation

11.1 *Guernsey taxation*

The Company is eligible for exemption from income tax in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (the "**Ordinance**"). Under the provisions of the Ordinance, exemption is granted on an annual basis provided the Company continues to comply with the requirements of the Ordinance and upon the payment of an annual fee which is currently fixed at £600. It is not anticipated that the proposed Delisting will affect the Company's eligibility under the Ordinance.

The above information should not be regarded as legal or tax advice and you are strongly recommended to consult with your own professional tax advisor to ascertain the impact of the Delisting upon the taxation of income and gains on Shares, which may differ according to jurisdiction.

11.2 *UK taxation*

The following comments are intended only as a general guide to certain aspects of current UK law and HM Revenue & Customs ("**HMRC**") published practice, and do not constitute tax advice. They are of a general nature and apply only to Shareholders who are resident or ordinarily resident in the UK (except where otherwise indicated) and who hold their Shares beneficially as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities.

11.2.1 Taxation on chargeable gains

A Shareholder who sells Shares in the Tender Offer should be treated, for the purposes of UK taxation, as though the Shareholder has sold them in the normal way to a third party. Accordingly, and subject to the comments in the next paragraph, any such Shareholder who is UK resident or ordinarily resident for tax purposes may, depending on that Shareholder's personal circumstances, be subject to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on chargeable gains) in respect of any gain arising on such sale. Shareholders who are not resident or ordinarily resident in the UK for taxation purposes will not normally be liable to UK taxation on chargeable gains arising from the sale of their Shares unless those Shares are held through a UK permanent establishment, although they may be subject to foreign taxation depending on their personal circumstances. Individual Shareholders who are temporarily neither resident nor ordinarily resident in the UK for tax purposes may be liable to capital gains tax under tax anti-avoidance legislation. **Shareholders who are subject to tax in a jurisdiction other than the UK or who are in any doubt as to the potential tax consequences of selling their Shares are strongly recommended to consult their own professional advisers before making any such sales.**

Application has not been made to HMRC for clearance under sections 701 and 702 of the Income Tax Act 2007 ("ITA") or sections 748 and 749 of the Corporation Tax Act 2010 ("CTA") (as appropriate) that the anti-avoidance provisions of section 684 ITA 2007 or section 733 of the CTA 2010 should not apply to the Tender Offer. Section 684 ITA 2007 and section 733 of the CTA 2010 permit HMRC to counteract tax advantages arising from certain transactions in securities by treating some or all of the proceeds of capital disposals as distributions of income. However, it is not considered that these provisions should be applicable to the Tender Offer.

11.2.2 Shares held within an individual savings account

The Delisting will cause the Shares to cease to be eligible for inclusion in an individual savings account ("ISA"). If Shares held within an ISA are not sold pursuant to the Tender Offer or otherwise prior to the Delisting, the ISA manager must within 30 calendar days of the Delisting either sell the Shares or transfer them to the ISA holder to be held outside the ISA. Where Shares are sold by the ISA manager, the cash proceeds can remain in the ISA. **Any Shareholder who holds their Shares in an ISA should consult with their relevant ISA manager without delay.**

11.2.3 General

The Delisting and other Proposals should not otherwise affect the UK tax treatment of the Company or continuing Shareholders.

The information relating to UK taxation set out above is a general guide and is not exhaustive. It is based on law and published practice currently in force in the UK and is subject to changes therein.

PART IV

TERMS AND CONDITIONS OF THE TENDER OFFER

1. General

- 1.1 Shareholders will be entitled to sell some or all of their shareholding (as at the Record Date), up to the Tender Threshold specified by the Board, to Cenkos Securities on behalf of the Company at €0.35 per Share (the “**Tender Price**”). Shareholders may tender any percentage of their shareholding for purchase under the Tender Offer, but tenders in excess of the Tender Entitlement will only be satisfied to the extent that other Shareholders tender less than (or none of) their Tender Entitlement. Tenders will be rounded down to the nearest whole number of Shares.
- 1.2 Shares tendered successfully will be purchased on the London Stock Exchange by Cenkos Securities (as principal) at the Tender Price. JPM PEA on behalf of the JPM Funds has agreed to subsequently purchase these Shares from Cenkos Securities for €0.35 per Share.
- 1.3 The Tender Offer will lapse if the Conditions set out in section 2 of Part IV are not met as set out in paragraph 2.3 below. The Company may also terminate the Tender Offer in accordance with section 8 of Part IV. If the Tender Offer lapses or is terminated, the tendered Shares will be returned to the relevant Shareholders.

2. Conditions

- 2.1 The Tender Offer is conditional on the following (together the “**Conditions**”):
 - 2.1.1 the passing by Shareholders of Resolution 4, as set out in the Notice of Extraordinary General Meeting, by 12 October 2012 or such later date (being not later than 30 Business Days after 12 October 2012) as the Company and Cenkos Securities may determine;
 - 2.1.2 the Tender Threshold not having been equalled or exceeded by the JPM Funds prior to the Tender Date;
 - 2.1.3 Cenkos Securities being satisfied that the JPM Funds (as procured by JPM PEA) have booked the relevant trade(s) to purchase the successfully tendered Shares by such date and time as agreed between JPM PEA and Cenkos Securities and that an amount equal to €0.35 multiplied by the number of successfully tendered Shares has been received in cleared funds for value in an account as directed by Cenkos Securities;
 - 2.1.4 the Company and Cenkos Securities, acting reasonably, not having agreed to terminate the Tender Offer for any reason at their sole discretion; and
 - 2.1.5 the Tender Offer not having been terminated in accordance with this Part IV prior to the fulfilment of the conditions referred to above.
- 2.2 Cenkos Securities will not purchase any Shares pursuant to the Tender Offer unless the Conditions have been satisfied.
- 2.3 Other than the Condition in paragraph 2.1.3 above, the Conditions may not be waived by Cenkos Securities. If the Conditions are not satisfied prior to the close of business on the day which is the earlier of: (i) the date of the Delisting (if approved); or (ii) 60 Business Days after 12 October 2012, the Tender Offer will lapse.

3. Procedure for Tendering Shares

There are different procedures to follow depending on whether your Shares are held in certificated or uncertificated form.

If you hold Shares in certificated form, you may only tender such Shares by completing and returning the relevant Tender Form in accordance with the procedure set out in paragraph 3.1 below. Separate Tender Forms should be completed for Shares held in certificated form but under different account designations. Additional Tender Forms are available from Capita Registrars.

If you hold Shares in uncertificated form (that is, in CREST), you may only tender such Shares by arranging for a TTE Instruction in respect of such Shares in accordance with the procedures set

out in paragraph 3.2 below and, if those Shares to be tendered are held under different Member Account IDs, you should send a separate TTE Instruction for each Member Account ID.

If you hold Shares in both certificated and uncertificated form, you should complete a Tender Form in respect of the Shares held in certificated form and send a TTE Instruction in respect of the Shares held in uncertificated form.

If you are in any doubt as to how to complete the Tender Form or as to the procedure for tendering Shares, please contact Capita Registrars' helpline number on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday. Calls to the 0871 664 0321 number cost up to 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. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

3.1 Procedure for Shares held in certificated form (that is, not in CREST)

To tender your Shares held in certificated form, you must complete, sign and have witnessed the relevant Tender Form. The completed, signed and witnessed Tender Form should be either sent by post, along with the relevant share certificate(s), or delivered by hand (during normal business hours only) to Capita Registrars as soon as possible and, in any event, so as to be received no later than 1.00 p.m. on 31 October 2012. Cenkos Securities shall be entitled (in its sole discretion) to accept late Tender Forms. No acknowledgement of receipt of documents will be given.

The completed and signed Tender Form must be accompanied by the relevant share certificate(s) and/or other document(s) of title.

If your share certificate(s) and/or other document(s) of title are held by your stockbroker, bank or other agent or are lost, the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Kent, BR3 4TU, United Kingdom, by no later than 1.00 p.m. on 31 October 2012 together with any share certificate(s) and/or document(s) of title you may have available and a letter of explanation stating that the (remaining) share certificate(s) and/or other document(s) of title will be forwarded as soon as possible thereafter but, in any event, so as to be received as detailed above by no later than 1.00 p.m. on 31 October 2012.

If you have lost your share certificate(s) and/or other document(s) of title, you should write to Capita Registrars, for a letter of indemnity in respect of the lost share certificate(s) which, when completed in accordance with the instructions given, should be returned to Capita Registrars so as to be received not later than 1.00 p.m. on 31 October 2012.

3.2 Procedure for Shares held in uncertificated form (that is, in CREST)

To tender your Shares held in uncertificated form, you must take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares which you wish to tender under the Tender Offer to an escrow balance, specifying Capita Registrars (in its capacity as CREST receiving agent under its Participant ID and Member Account ID referred to below) as the "Escrow Agent", as soon as possible and, in any event, so that the transfer to escrow settles by not later than 1.00 p.m. on 31 October 2012. Cenkos Securities shall be entitled (in its sole discretion) to accept late transfers to escrow.

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the Member Account ID under which your Shares are held. In addition, only your CREST Sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shares which you wish to tender.

To accept the Tender Offer and elect to tender Shares held in uncertificated form, you should send (or if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) to Euroclear a TTE Instruction in relation to such Shares. Any Shares tendered in excess of the Tender Entitlement will be treated as an election to tender excess Shares and may be subject to scale back.

A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- the ISIN for the relevant Shares, which is: GG00B39T7V85;
- the number of Shares to be transferred to an escrow balance;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the Escrow Agent, in its capacity as a CREST receiving agent, which is as follows: RA10;
- the member account of the Escrow Agent, in its capacity as a CREST receiving agent, which is as follows: 27752AQU;
- the intended settlement date for the transfer to escrow (this should be as soon as possible and, in any event, by no later than 1.00 p.m. on 31 October 2012);
- the corporate action number of the Tender Offer (this is allocated by Euroclear and will be available on screen from Euroclear);
- contact name and telephone number inserted at the beginning of the "Shared Note" field; and
- input with the standard delivery instruction, priority 80.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by Capita Registrars as Escrow Agent until completion of the Tender Offer. On completion of the Tender Offer, Capita Registrars will transfer the Shares which are accepted for purchase by Cenkos Securities to Cenkos Securities. You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined above.

You 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 connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 1.00 p.m. on 31 October 2012. In this regard you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings. Cenkos Securities shall be entitled (in its sole discretion) to accept late TTE Instructions to settle.

3.3 **Validity of Tender Forms and TTE Instructions**

Notwithstanding the powers in section 5 below, Cenkos Securities reserves the right to treat as valid only Tender Forms and TTE Instructions which are received entirely in order by 1.00 p.m. on 31 October 2012 and which are accompanied (in the case of Shares held in certificated form) by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof or in respect of the entire number of Shares tendered.

Cenkos Securities shall be entitled to accept Tender Forms and TTE Instructions which are received after 1.00 p.m. on 31 October 2012 in its sole discretion. The decision of Cenkos Securities as to which Shares have been validly tendered shall be conclusive and binding on all Shareholders.

Shareholders should note that once tendered, Shares may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

3.4 **Deposits of Shares into, and withdrawals of Shares from, CREST**

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Shares as a result of the conversion to take all necessary steps in connection with such person's

participation in the Tender Offer (in particular, as regards delivery of any share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 31 October 2012.

An appropriate announcement will be made through a Regulatory Information Service if any of the details contained in this section 3 are altered.

4. Announcement & Settlement

Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders accepted by Cenkos Securities will be effected by the despatch of cheques or crediting of CREST accounts (as applicable).

Unless terminated in accordance with the provisions of this Part IV, the Tender Offer will close for Shareholders at 1.00 p.m. on 31 October 2012.

It is expected that the Company will make a public announcement on 1 November 2012 of the total number of Shares tendered and, if applicable, the extent to which tenders will be scaled back to meet the Tender Threshold.

4.1 Shares held in certificated form (that is, not in CREST)

Where an accepted tender relates to Shares held in certificated form, settlement of the consideration due to any Shareholder is expected to be made on or around the week commencing 5 November 2012.

Cheques for the consideration due will be despatched by first class post to the person or agent whose name and address (outside the United States, Canada, Australia, South Africa and Japan) is set out in BOX 1 (or, if completed, BOX 7) of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the address of the first named.

All cash payments will be made in Euros by cheque drawn on a branch of a UK clearing bank.

4.2 Shares held in uncertificated form (that is, in CREST)

Where an accepted tender relates to Shares held in uncertificated form, the consideration due will be paid by means of CREST by the Company procuring a CREST payment in favour of the tendering Shareholder's payment bank in accordance with the CREST procedures and timings.

Payment is expected to be made on or around the week commencing 5 November 2012.

If only part of a holding of Shares is purchased pursuant to the Tender Offer or if, because any tendered Shares in excess of the Tender Entitlement are not purchased pursuant to the terms of the Tender Offer:

- (a) where the Shares are held in certificated form, the relevant Shareholder will be entitled to receive a certificate in respect of the balance of the remaining Shares; or
- (b) where the Shares are held in uncertificated form, the unsold Shares will be transferred by the Escrow Agent by means of a TFE Instruction to the original available balance from which those Shares came.

5. Tender Form and/or TTE Instruction

Each Shareholder by whom, or on whose behalf, a Tender Form and/or TTE Instruction (as applicable) is executed irrevocably undertakes, represents, warrants and agrees to and with the Company (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- 5.1 the execution of the Tender Form and completion of BOX 3 of the Tender Form shall constitute an offer to sell to Cenkos Securities up to such number of Shares inserted in BOX 3 of the Tender Form, on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form (including, but not limited to, the scaling back of such number of Shares to comply with the Tender Threshold) and, once lodged, such offer shall be irrevocable;

- 5.2 the execution of the TTE Instruction shall constitute an offer to sell to Cenkos Securities such number of Shares transferred on and subject to the terms and conditions set out or referred to in Part IV of this document and, once transferred, such offer shall be irrevocable;
- 5.3 such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together, with all rights attaching thereto) and, when the same are purchased by Cenkos Securities, Cenkos Securities will acquire such Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or before 5 November 2012 including the right to receive and retain all dividends and other distributions declared, paid or made after that date and such representation and warranty shall be deemed repeated at the time that the Company, or the Company's agent, purchases such Shares and shall not be extinguished by such purchase;
- 5.4 the execution of the Tender Form and/or TTE Instruction will constitute the irrevocable appointment of any Director or officer of the Company as such Shareholder's attorney and/or agent ("**attorney**"), and an irrevocable instruction to the attorney to complete and execute all or any instrument(s) of transfer and/or other documents at the attorney's discretion in relation to the Shares referred to in paragraphs 5.1 and 5.2 above in favour of the Company or such other person or persons as the Company may direct and to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with any share certificate(s) and/or other document(s) relating to such Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest such Shares in the Company, its nominee(s) or such other person(s) as the Company may direct;
- 5.5 such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its Directors or any person nominated by the Company in the proper exercise of his powers and/or authorities hereunder;
- 5.6 if such Shareholder holds Shares in certificated form, it will deliver to Capita Registrars the share certificate(s) and/or other document(s) of title in respect of the Shares referred to in paragraph 5.1 above, or an indemnity acceptable to the Company in lieu thereof (please refer to paragraph 3.1 above) or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, not later than 1.00 p.m. on 31 October 2012;
- 5.7 if such Shareholder holds Shares in uncertificated form, it will take (or procure to be taken) the action set out in paragraph 3.2 above to transfer such Shares to an escrow balance as soon as possible and, in any event, not later than 1.00 p.m. on 31 October 2012 and that if, for any reason, any Shares in respect of which a transfer to an escrow balance has been effected are converted to certificated form, the holder will immediately deliver or procure the delivery of the Tender Form and share certificate(s) or other document(s) of title in respect of all Shares so converted to Capita Registrars;
- 5.8 the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- 5.9 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 5.10 such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction;
- 5.11 such Shareholder has not received or sent copies or originals of this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia, South Africa or Japan and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, in or into, or by use of the mails or by any means or instrumentality (including,

- without limitation, facsimile transmission and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, Canada, Australia, South Africa or Japan and the Tender Form has not been mailed or otherwise sent in, into or from the United States, Canada, Australia, South Africa or Japan;
- 5.12 such Shareholder is not accepting the Tender Offer from the United States, Canada, Australia, South Africa or Japan;
 - 5.13 on execution, the Tender Form takes effect as a deed;
 - 5.14 the execution of the Tender Form or TTE Instruction constitutes such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer, the Tender Form or TTE Instruction;
 - 5.15 the execution of the Tender Form or TTE Instruction shall constitute a warranty by such Shareholder that the information given by or on behalf of the Shareholder in the Tender Form or TTE Instruction will be true in all respects at the time the Company, or the Company's agent, purchases the Shares referred to in paragraphs 5.1, 5.2 and 5.3 above as if it had been given afresh at such time and shall not be extinguished by such purchase;
 - 5.16 the execution of the TTE Instruction constitutes the irrevocable appointment of Capita Registrars as Escrow Agent and an irrevocable instruction and authority to the Escrow Agent to transfer to itself by means of CREST, and then to transfer to the Company (or such person or persons as the Company may direct) by means of CREST, all Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Shares which have been tendered pursuant to the Tender Offer) and in the event that any Shares tendered are not accepted as a result of scaling back to give instructions to Euroclear to transfer such Relevant Shares not accepted to the original balances to which they relate. **"Relevant Shares"** means Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in paragraph 3.2 above;
 - 5.17 the execution of the Tender Form constitutes irrevocable authorities and requests the Company or its agents to procure the despatch by post of a cheque drawn at a branch of a UK clearing bank for the cash consideration to which a tendering Shareholder is entitled (and, if part only of a holding comprised in the share certificate(s) is purchased pursuant to the Tender Offer, a new share certificate for the balance) to the person or agent whose name and address outside the United States, Canada, Australia, South Africa or Japan is set out in the Tender Form or, if no name and address is set out, to the first-named holder at its registered address outside the United States, Canada, Australia, South Africa or Japan;
 - 5.18 that the execution of a TTE Instruction constitutes irrevocable authorities and requests the Company or its agents to procure the creation of a payment obligation in favour of the payment bank of the tendering Shareholder in accordance with the CREST payment arrangements in respect of the cash consideration to which such Shareholder is entitled;
 - 5.19 in respect of Shares held in uncertificated form, the creation of a payment obligation in favour of its payment bank in accordance with the CREST payments arrangements as referred to in paragraph 5.18 above shall, to the extent of the obligation so created, discharge in full any obligation of the Company to pay to the holder the cash consideration to which it is entitled pursuant to the Tender Offer;
 - 5.20 in respect of Shares held in certificated form, despatch of cheques in respect of the Tender Price to a Shareholder at his registered address or such other address as is specified in the Tender Form will constitute a complete discharge by the Company of its obligation to pay to such Shareholder the cash consideration to which he is entitled pursuant to the Tender Offer; and
 - 5.21 if the appointment of attorney provision under paragraphs 5.4, 5.16 and 5.17 above shall be unenforceable or invalid or shall not operate so as to afford any Director or officer of the Company or Capita Registrars the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company or Capita Registrars to secure the full benefits of paragraphs 5.4, 5.16 and 5.17 (as applicable) above.

A reference in this section 5 to a Shareholder includes a reference to the person or persons executing the Tender Form and/or a TTE Instruction and, in the event of more than one person executing a Tender Form and/or a TTE Instruction, the provisions of this section will apply to them jointly and to each of them.

6. Additional Provisions

- 6.1 Each Shareholder holding Shares in certificated form may tender any number of Shares by specifying the relevant amount in BOX 3 of the relevant Tender Form. However, this amount may be scaled back if it exceeds the Tender Entitlement or to the extent that all tenders from Shareholders exceed the Tender Threshold. For the Tender Form to be valid, BOX 3 must be completed.
- 6.2 Up to 4,864,911 Shares acquired under the Tender Offer will be purchased by Cenkos Securities (as principal) and such purchases will be market purchases in accordance with the rules of the London Stock Exchange.
- 6.3 The Tender Offer will close at 1.00 p.m. on 31 October 2012 and (except as otherwise determined by Cenkos Securities in its sole discretion) no Tender Forms, share certificates and/or documents of title or indemnities or TTE Instructions received after that time will be accepted.
- 6.4 Each Shareholder who tenders or procures the tender of Shares will thereby be deemed to have agreed that, in consideration of the Company agreeing to process their tender, such Shareholder will not revoke their tender or withdraw their Shares from the Tender Offer except with the Company's consent. Shareholders should note that once tendered, Shares may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.
- 6.5 Any omission to despatch or decision not to despatch this document or the Tender Form or any notice required to be despatched under the terms of the Tender Offer to, or any failure to receive the same by, any person entitled to participate in the Tender Offer shall not invalidate the Tender Offer in any way or create any implication that the Tender Offer has not been made to any such person.
- 6.6 No acknowledgement of receipt of any Tender Form, TTE Instruction, share certificate(s) and/or other document(s) of title or indemnities will be given. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Shareholders (or their designated agents) will be delivered by or sent to or from such Shareholders (or their designated agents) at their own risk.
- 6.7 All powers of attorney and authorities on the terms conferred by or referred to in this Part IV or in the Tender Form are given by way of security for the performance of the obligations of Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971.
- 6.8 All tenders for Shares held in certificated form must be made on the Tender Form, duly completed in accordance with the instructions set out thereon which constitute part of the terms of the Tender Offer. A tender of Shares held in certificated form will only be valid when the procedures contained in these terms and conditions and in the Tender Form are complied with. The Tender Offer and all tenders will be governed by and construed in accordance with English law. Delivery or posting of a Tender Form or execution of a TTE Instruction will constitute submission to the jurisdiction of the courts of England and Wales.
- 6.9 All documents and remittances sent by or to Shareholders will be sent at their own risk.
- 6.10 The instructions, terms, provisions and authorities contained in, or deemed to be incorporated in, the Tender Form shall constitute part of the terms of the Tender Offer. The definitions set out at the end of this document apply to the terms and conditions set out in this Part IV.
- 6.11 The decision of the Company as to which Shares have been successfully tendered shall be final and binding on all Shareholders.
- 6.12 Further copies of this document and the Tender Form may be obtained on request from Capita Registrars at the address set out on the front cover of the Tender Form.

- 6.13 Any changes to the terms, or any suspension, extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement thereof no later than 1.00 p.m. on the Business Day following the date of such changes. Such an announcement will be released to a Regulatory Information Service.
- 6.14 Up to 4,864,911 Shares purchased pursuant to the Tender Offer will, immediately following the completion of the Tender Offer, be sold by Cenkos Securities on behalf of the Company to the JPM Funds (acting for themselves or through JPM PEA).
- 6.15 Except as contained in this document, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer, and, if given or made, such other information or representations should not be relied on as having been authorised by the Company.
- 6.16 The Company and/or Cenkos Securities reserves the absolute right to inspect (either itself or through its agents) all Tender Forms and TTE Instructions and may consider void and reject any tender that does not in the Company's and/or Cenkos Securities' judgement (acting reasonably) meet the requirements of the Tender Offer. The Company and/or Cenkos Securities also reserves the absolute right to waive any defect or irregularity in the tender of any Shares, including any Tender Form and TTE Instruction (in whole or in part) which is not entirely in order or which is not accompanied (in the case of Shares held in certificated form) by the related share certificate(s) and/or other document(s) of title or indemnities. In that event, however, the consideration under the Tender Offer will only be despatched when the Tender Form or the TTE Instruction (as applicable) is entirely in order and the share certificate(s) or other document(s) of title/the relevant TTE Instruction or indemnities satisfactory to the Company and/or Cenkos Securities has/have been received. None of the Company, Cenkos Securities, Capita Registrars or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.
- 6.17 Any discretion or determination by the Company and/or Cenkos Securities for the purposes of any section of this Part IV shall be final and binding on all Shareholders and none of the Directors or the Company or Cenkos Securities shall have any liability in relation thereto.

7. Overseas Shareholders and Restricted Shareholders

- 7.1 The making of the Tender Offer in, or to persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom or custodians, nominees or agents for citizens, nationals or residents of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to tender Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom.
- 7.2 In particular, the Tender Offer is not being made, directly or indirectly, in, into or from, or by use of the mails or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and internet) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, Canada, Australia, South Africa or Japan and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility from or within the United States, Canada, Australia, South Africa or Japan. Accordingly, copies of this document and the Tender Form are not being and must not be mailed or otherwise distributed or sent in or into the United States, Canada, Australia, South Africa or Japan, including to Shareholders with registered addresses in the United States, Canada, Australia, South Africa or Japan or to persons whom the Company

knows to be custodians, nominees or agents holding Shares for persons in the United States, Canada, Australia, South Africa or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and agents) or wishing to accept the Tender Offer should not distribute or send them in, into or from the United States, Canada, Australia, South Africa or Japan or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and so doing will render invalid any related purported acceptance of the Tender Offer. All accepting Shareholders must provide addresses outside the United States, Canada, Australia, South Africa or Japan for the remittance of cash or the return of documents lodged pursuant to the Tender Offer.

- 7.3 A Shareholder will be deemed not to have accepted the Tender Offer if:
- (a) such Shareholder is unable to make the representations and warranties set out in paragraphs 5.10, 5.11 and 5.12 of this Part IV;
 - (b) such Shareholder has a registered address in the United States, Canada, Australia, South Africa or Japan and in such case such Shareholder does not insert in BOX 7 of the Tender Form the name and address of a person or agent outside the United States, Canada, Australia, South Africa or Japan to whom he wishes the consideration to which he is entitled under the Tender Offer to be sent, subject to the provisions of this paragraph and applicable law;
 - (c) such Shareholder inserts in BOX 7 of the Tender Form the name and address of a person or agent in the United States, Canada, Australia, South Africa or Japan to whom he wishes the consideration to which such Shareholder is entitled under the Tender Offer to be sent; or
 - (d) the Tender Form received from him is in an envelope postmarked in, or which otherwise appears to the Company or its agents to have been sent from, the United States, Canada, Australia, South Africa or Japan.

The Company and/or Cenkos Securities reserve the right, in their absolute discretion, to investigate, in relation to any acceptance, whether the representations and warranties referred to in paragraphs 5.10, 5.11 and 5.12 of this Part IV given by any Shareholder is correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.

- 7.4 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and agents), whether pursuant to a contractual or legal obligation or otherwise, forwards this document and/or the Tender Form in, into or from the United States, Canada, Australia, South Africa or Japan or uses the mails, any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce or any facility of a national securities exchange, of the United States, Canada, Australia, South Africa or Japan in connection with such forwarding, such persons should:
- (a) inform the recipient of such fact;
 - (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient(s); and
 - (c) draw the attention of the recipient to this section 7.
- 7.5 The provisions of this section 7 and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards to specific Shareholders or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other law.
- 7.6 The provisions of this section 7 supersede any terms of the Tender Offer inconsistent with this section 7.
- 7.7 Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

8. Termination of the Tender Offer

If the Company (acting through the Directors) shall, at any time prior to Cenkos Securities effecting the purchase as principal of the tendered Shares notify Cenkos Securities in writing that in the Directors' opinion the completion of the purchase of Shares in the Tender Offer could have unexpected adverse fiscal or other consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, Cenkos Securities and/or the Company shall be entitled at their complete discretion by a public announcement and subsequent written notice to Shareholders (which may be made via a Regulatory Information Service announcement) to withdraw the Tender Offer, and in such event the Tender Offer shall cease and determine absolutely and all tendered Shares will be returned to the relevant Shareholders.

9. Miscellaneous

- 9.1 Any changes to the terms, or any extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement on the Business Day following the date of such changes. In this case, the definitions, times and dates mentioned throughout this document shall be deemed to be adjusted accordingly. Such an announcement will be released to a Regulatory Information Service of the London Stock Exchange. References to the making of an announcement by the Company includes the release of an announcement on behalf of the Company by Cenkos Securities to the press and delivery of, or telephone or facsimile or other electronic transmission of, such announcement to a Regulatory Information Service of the London Stock Exchange.
- 9.2 The expenses of the Tender Offer will be borne by the Company and will not affect the Tender Price. There is no brokerage fee payable to Cenkos Securities in respect of the Tender Offer.
- 9.3 Except as contained in this document, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer and, if given or made, such other information or representations should not be relied on as having been authorised by Cenkos Securities or the Company. Under no circumstances should the delivery of this document or the delivery of any consideration pursuant to the Tender Offer create any implication that there has been no change in the assets, properties, business or affairs of the Company since the date of this document.
- 9.4 Cenkos Securities reserves the absolute right to inspect (either itself or through its agents) all Tender Forms and may consider void and reject any tender that does not in Cenkos Securities' sole judgement (acting reasonably) meet the requirements of the Tender Offer. Cenkos Securities also reserves the absolute right to waive any defect or irregularity in the tender of any Shares, including any Tender Form (in whole or in part) which is not entirely in order, the related share certificate(s) and/or other document(s) of title or an indemnity to Cenkos Securities in lieu thereof. In that event, for Shares held in certificated form, however, the consideration in the Tender Offer will only be despatched when the Tender Form is entirely in order and the share certificate(s) and/or other document(s) of title or indemnities satisfactory to Cenkos Securities has/have been received. None of Cenkos Securities, the Company, Capita Registrars or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.
- 9.5 The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to the Tender Offer.

PART V

ADDITIONAL INFORMATION

1. Company details

The Company is Aqua Resources Fund Limited and is, at the date of this Circular, an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 49038.

The Company's registered office is at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF, Channel Islands, fax number +44 (0)1481 726275.

The Company's principal place of business is at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF, Channel Islands, fax number +44 (0)1481 726275.

2. Major shareholding

As at the Latest Practicable Date, save in respect of those Shareholders noted below, insofar as is known to the Company, the following persons are, directly or indirectly, interested in 5 per cent. or more of the issued share capital of the Company.

<i>Shareholder</i>	<i>No. of Shares</i>	<i>% of Company Shares in issue</i>
HSBC Global Custody Nominee (UK) Limited	21,500,000	29.67
Euroclear Nominees Limited	10,064,000	13.89
Chase Nominees Limited	9,800,963	13.52
J P Morgan Clearing Corp	8,400,963	11.59
State Street Nominees Limited	7,500,000	10.35
Fourwinds Capital Management	3,685,000	5.09

The Company has no shares held in treasury.

3. Significant change statement

There has been no significant change in the financial or trading position of the Company since 30 June 2012, being the date to which the latest half-yearly management report and unaudited condensed interim consolidated financial statements have been prepared.

4. Material contracts

In the two years immediately preceding the publication of this Circular, the Company has entered into one contract which is material in the context of the Proposals and not a contract entered into in the ordinary course of business, the Repurchase Agreement.

The Company has not entered into any other contract which contains any provision under which the Company has any obligation or entitlement which is material in the context of the Proposals as at the date of this Circular.

The Repurchase Agreement between the Company and Cenkos Securities dated 20 September 2012 is a material contract. Under this agreement, the parties agree that, subject to the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms, Cenkos Securities, as tender agent for the Company, will make available for purchase by the JPM Funds those Shares successfully tendered in the Tender Offer. The purchase price per Share must be the Tender Price.

Under the Repurchase Agreement, the Company has no obligation to purchase the successfully tendered Shares from Cenkos Securities. Any Shares which are not purchased by the JPM Funds will be re-distributed to the tendering Shareholders pro-rata in accordance with the terms and conditions of the Tender Offer as set out in this Circular.

There are no fees payable by the Company under the Repurchase Agreement.

The Repurchase Agreement contains certain representations, warranties and undertakings from Cenkos Securities in favour of the Company concerning its authority to enter into the agreement and to make the purchase of Shares pursuant thereto. The agreement also contains representations and warranties from the Company in favour of Cenkos Securities concerning its authority to enter into the agreement.

5. Consent of use of name

Cenkos Securities, which is authorised and regulated by the FSA, has given and not withdrawn its written consent to the inclusion of the reference to its name in the form and context in which it is included in this Circular.

6. Costs and expenses

The expenses of the Tender Offer will be borne by the Company and will not affect the Tender Price. There is no brokerage fee payable to Cenkos Securities in respect of the Tender Offer.

Costs associated with facilitating the Proposals, including the Tender Offer, (to be borne by the Company) are currently expected to be no more than 0.5 per cent. of the estimated unaudited Net Asset Value as at 30 June 2012, based on the market conditions prevailing on the Latest Practicable Date.

7. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS and at the registered office of the Company during normal business hours on any Business Day (Saturdays, Sundays and public holidays excepted) from the date of this Circular until the conclusion of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes prior to, and during, the relevant meeting:

- the current Articles;
- a draft of the proposed New Articles (showing the full terms of the amendments proposed to be made);
- the letters of intent referred to in section 8 of Part I of this Circular;
- this Circular;
- the Repurchase Agreement; and
- the historical financial information of the Company for each of the two financial years preceding the date of this Circular (Shareholders should note that this information is also available on the Company's website www.aquaresourcesfund.com).

DEFINITIONS

The following definitions apply throughout this Circular and in the accompanying Form of Proxy, unless the context otherwise requires:

“Admission and Disclosure Standards”	the Admission and Disclosure Standards of the London Stock Exchange, as published from time to time
“Articles”	the articles of incorporation of the Company
“Board” or “Directors”	the board of directors of the Company and “Director” shall mean any one of them
“Business Day”	has the meaning set out in Appendix 1 (Relevant Definitions) of the Listing Rules
“Capita Registrars”	a trading name of Capita Registrars Limited
“Cenkos Securities”	Cenkos Securities plc
“certificated” or “certificated form”	not in uncertificated form
“Chairman”	Hasan Askari
“Circular”	this document
“Code”	The UK Corporate Governance Code, as amended from time to time
“Company”	Aqua Resources Fund Limited, an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 49038
“Conditions”	has the meaning given to this term in paragraph 2.1 of Part IV of this Circular
“CREST”	the system for paperless settlement of trades and holdings of uncertificated shares administered and operated by Euroclear UK & Ireland Limited
“CREST Member”	a person who has been admitted to Euroclear as a system member (as defined in the Regulations)
“CREST Participant”	a person who, in relation to CREST, is a system-participant (as defined in the Regulations)
“CREST Sponsor”	a CREST Participant who is admitted to CREST as a CREST sponsor, being a sponsoring system-participant (as defined in the Regulations)
“CREST Sponsored Member”	a Crest Member who is admitted to CREST as a sponsored member (as defined in the Regulations)
“Date Before the Announcement”	13 August 2012, being the latest practicable date before the Company’s announcement made on 14 August 2012
“Delisting”	the cancellation of the admission of the Shares to the Official List and the cancellation of the admission of the Shares to trading on the Main Market
“Disclosure and Transparency Rules” or “DTRs”	the Disclosure and Transparency Rules of the Financial Services Authority
“Escrow Agent”	Capita Registrars, in its capacity as a CREST Participant under the Participant ID: RA10
“Euroclear”	Euroclear UK & Ireland Limited
“Euros” or “€”	the lawful single currency of member states of the European Communities that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union

“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at Arnold House, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3HF, Channel Islands at 11.00 a.m. on 12 October 2012 (notice of which is set out in the Notice of Extraordinary General Meeting), or any reconvened meeting following any adjournment thereof
“Financial Services Authority” or “FSA”	the United Kingdom Financial Services Authority and any successor regulatory authority thereto
“Form of Proxy”	the form of proxy accompanying this Circular for use in connection with the EGM
“Group”	the Company and its Subsidiaries
“Guernsey Companies Law”	The Companies (Guernsey) Law, 2008, as amended from time to time
“Investment Guidelines”	has the meaning given to this term in clause 1.1 of the Investment Management Agreement
“Investment Management Agreement”	the investment management agreement between the Company and the Manager dated 21 July 2008
“Investment Monitoring Committee”	the investment monitoring committee of the Board to be established as set out in section 5 of Part I of the Circular
“Investment Objective and Policy”	the Company’s current investment objective and policy, as amended from time to time
“JPM Funds”	JPMorgan Private Equity Limited and JPMorgan Special Opportunities Fund
“JPM PEA”	the Private Equity Advisor Group at JPMorgan Asset Management, which manages the JPM Funds
“JPM PEA Proposals”	the proposals from JPM PEA detailed in section 6 of Part I of this Circular
“JPM Purchase”	the purchase by JPM PEA on behalf of the JPM Funds of up to 4,864,911 Shares, being those Shares which are subject to the Tender Offers, subject always to the Tender Threshold
“Latest Practicable Date”	18 September 2012, being the latest practicable date before the date of this Circular
“Listing Rules”	the listing rules of the Financial Services Authority
“London Stock Exchange”	the London Stock Exchange plc
“Main Market”	the London Stock Exchange’s main market for listed securities
“Manager”	FourWinds Capital Management, a company incorporated in the Cayman Islands with registered number CB-146307
“Member Account ID”	the identification code or number attached to any member account in CREST
“Net Asset Value”	the net asset value of the Company calculated in accordance with the Articles
“Net Asset Value per Share”	the Net Asset Value divided by the number of Shares in issue
“New Articles”	the new articles of incorporation of the Company as proposed to be adopted at the Extraordinary General Meeting
“Notice of Extraordinary General Meeting”	the notice of extraordinary general meeting of the Company to be held at Arnold House, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3HF, Channel Islands at 11.00 a.m. on 12 October 2012 set out at the end of this Circular
“Ordinary Resolution”	a resolution of the Shareholders present (in person or by proxy) and voting at a general meeting of the Company to be passed by a simple majority

“Official List”	the official list of the United Kingdom Listing Authority
“Overseas Shareholder”	a Shareholder with a registered or mailing address outside the United Kingdom or who is a resident in, citizen of or national of, a jurisdiction outside the United Kingdom
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant
“Percentage Ratio”	has the meaning given to it in the Listing Rules
“Proposals”	each and every proposal set out in section 1 of Part I of this Circular
“Record Date”	close of business on 12 October 2012
“Regulations”	the United Kingdom Uncertificated Securities Regulations 2001, as amended
“Regulatory Information Service” or “RIS”	any of the regulatory information services set out in Appendix 3 of the Listing Rules
“Related Party”	has the meaning given to it in LR11.1.4 and LR15.5.4 of the Listing Rules
“Related Party Transaction”	any transaction subject to the provisions of Chapter 11 of the Listing Rules
“Repurchase Agreement”	the repurchase agreement entered into by Cenkos Securities and the Company on or around the date of this Circular
“Resolution”	each resolution set out in the Notice of Extraordinary General Meeting
“Restricted Shareholders”	Shareholders who are resident in, or citizens of, a Restricted Territory
“Restricted Territory”	any of the following territories: Australia, Canada, Japan, South Africa and the United States
“Shareholders”	the holders of the Shares and “Shareholder” means any one of them
“Shares”	the ordinary shares of no par value in the capital of the Company
“Special Resolution”	a resolution of the Shareholders present (in person or by proxy) and voting at a general meeting of the Company to be passed by a majority of not less than 75 per cent.
“Standing Instruction”	has the meaning given to this term in clause 1.1 of the Investment Management Agreement
“Subsidiary”	has the meaning set out in Schedule 5 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended from time to time
“Takeover Code”	The Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time
“Tender Date”	the effective date of the Tender Offer, being 1 November 2012
“Tender Entitlement”	the <i>pro rata</i> entitlement of each Shareholder to participate in the Tender Offer, being the Tender Threshold divided by the number of Shares in issue multiplied by the number of Shares held by a Shareholder (rounded down to the nearest whole Share)
“Tender Form”	the tender form enclosed with this Circular for use by Shareholders in connection with the Tender Offer
“Tender Offer”	each of the invitation by the Company to Shareholders to tender up to 4,864,911 Shares, the tender of up to 4,864,911 Shares by Shareholders and the acceptance of such tenders by the Company on the terms and subject to the conditions set out in this Circular and the Tender Form, or any one or more of such invitation, tender or acceptance as the context requires

“Tender Price”	the price of €0.35 per Share
“Tender Threshold”	the maximum number of Shares subject to the Tender Offer, calculated in accordance with section 6 of Part I of this Circular
“TFE Instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear)
“TTE Instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear)
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“uncertified” or “in uncertificated form”	recorded on the Company’s share register as being held in uncertificated form, title to which, by virtue of the Regulations, is to be transferred by means of CREST

AQUA RESOURCES FUND LIMITED

(an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 49038)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of Aqua Resources Fund Limited (the "**Company**") will be held at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 3NF, Channel Islands at 11.00 a.m. on 12 October 2012, for the purpose of considering and, if thought fit, passing the following resolutions:

RESOLUTION 1 – SPECIAL RESOLUTION

THAT, the cancellation of the admission of the Company's ordinary shares of no par value to the Official List of the United Kingdom Listing Authority and to trading on the Main Market (the "**Delisting**") be and is hereby approved.

RESOLUTION 2 – SPECIAL RESOLUTION

THAT, conditional on the passing of Resolution 1, on the Delisting taking effect, the New Articles, which are drafted to effect certain Proposals described in the circular sent by the Company to its Shareholders on 20 September 2012 (the "**Circular**"), be approved and adopted as the articles of incorporation of the Company in substitution for and to the exclusion of the existing Articles in the form presented to the meeting and initialled by the Chairman for the purpose of identification.

RESOLUTION 3 – ORDINARY RESOLUTION

THAT, conditional on the passing of Resolution 1, on the Delisting taking effect, the Company modify its Investment Objective and Policy in accordance with the provisions of the Circular.

RESOLUTION 4 – ORDINARY RESOLUTION

THAT, conditional on the passing of Resolution 1, the Company be and is hereby authorised:

- (i) in accordance with section 315 of Guernsey Companies Law, to make market acquisitions (within the meaning of section 316 of the Guernsey Companies Law) of its Shares pursuant to the Tender Offer; and
- (ii) to instruct Cenkos Securities to make the successfully tendered Shares available for purchase by the JPM Funds, each of which is a Related Party of the Company, on the terms set out in the Circular provided that:
 - a) the maximum number of Shares hereby authorised to be purchased shall not exceed 4,864,911 or such other lower number of Shares as amounts to the Tender Threshold;
 - b) the price which may be paid for a Share shall be the Tender Price (which shall be both the maximum and the minimum price for the purposes of section 315 of the Guernsey Companies Law); and
 - c) unless renewed, the authority hereby conferred shall expire on the first to occur of: (i) the completion of the Tender Offer; (ii) the withdrawal of the Tender Offer by the Company; or (iii) the Tender Offer lapsing in accordance with the terms and conditions set out in the Circular.

Save where the context requires otherwise, the definitions contained in the Circular shall have the same meanings where used in these Resolutions.

**BY ORDER OF THE BOARD OF THE COMPANY
HSBC Securities Services (Guernsey) Limited
Company Secretary**

20 September 2012

Registered Office:

Arnold House
St. Julian's Avenue
St. Peter Port
Guernsey GY1 3NF
Channel Islands

Explanatory notes to the Notice of Extraordinary General Meeting:

1. Only Shareholders entered on the register of members of the Company at close of business of 10 October 2012 are entitled to attend and/or vote at the Extraordinary General Meeting ("**EGM**") (or any adjournments) either in person or by proxy and the number of Shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the meeting. Changes to entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend and vote at the EGM (or any adjournments).
2. A Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different Share(s) held by him.
3. A form of proxy is enclosed (the "**Form of Proxy**") and to be valid must be completed, signed and lodged with Capita Registrars PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom not less than 48 hours before the time fixed for the EGM or any adjournment thereof or, in the case of a poll, shall be deposited at the time the poll is demanded, or, if the poll is to be taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll. In calculating these 24 and 48 hour periods no account shall be taken of any day which is not a working day, a working day being any day which is not a Saturday, a Sunday, Christmas Day or Good Friday or a day appointed as a public holiday by Ordinance of the States under section 1(1) of the Bills of Exchange (Guernsey) Law, 1958). **If you do not intend to attend the EGM, please complete and return the Form of Proxy as soon as possible.**
4. To appoint more than one proxy in relation to different Shares within your holding you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.
5. In the case of joint holders, any one of them may vote at the EGM either in person or by proxy, but if more than one joint holder is present at the EGM either in person or by proxy and no election has been made as to which joint holder shall represent the others in the voting, the one whose name stands first in the register of members of the Company in respect of the joint holding shall alone be entitled to vote in respect thereof, and only the appointment submitted by the first named shall be accepted to the exclusion of the votes of the other joint holder. In any event, the names of all joint holders should be stated on the Form of Proxy.
6. The Form of Proxy shall be completed and signed in writing by a member or his attorney. In the case of a member which is a company, the Form of Proxy must be executed under seal or signed by an officer of the relevant company or duly authorised attorney of the relevant company. The signature need not be witnessed. Any power of attorney or any other authority under which the Form of Proxy is signed (or a notarially certified copy of such power or authority) must be included with the Form of Proxy.
7. If you wish to revoke a Form of Proxy instruction then you will need to send a notice of revocation to Capita Registrars PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom executed in accordance with note 6 above. The revocation notice must be received by the Company before the time fixed for the commencement of the EGM (or any adjournment thereof) or the taking of the poll at which the proxy is used.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic appointment service may do so for the EGM and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members or other crest sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a "**CREST proxy instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent RA10 by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and

limitations will therefore apply in relation to the input of CREST proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

10. Appointment of a proxy does not preclude a Shareholder from attending the EGM (or any adjournments) and voting.

