

CIRCULAR

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT CONTAINS PROPOSALS RELATING TO PHAUNOS TIMBER FUND LIMITED (THE "COMPANY") ON WHICH YOU ARE BEING ASKED TO VOTE.

If you are in any doubt about the contents of this Circular or the action you should take, you are recommended to seek immediately your own personal financial advice from an appropriately qualified independent adviser authorised pursuant to the UK Financial Services and Markets Act 2000 if in the United Kingdom or otherwise regulated under the laws of your own country.

If you have sold or otherwise transferred all of your Shares please send this Circular together with the accompanying Proxy Appointment at once to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular should be read as a whole. Your attention is drawn in particular to the letter from your Chairman which is set out on pages 2 to 7 of this Circular and which recommends that you vote in favour of the resolutions to be proposed at the extraordinary general meeting of the Company ("EGM") referred to in this Circular.

PHAUNOS TIMBER FUND LIMITED

(an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 45564)

Notice of Extraordinary General Meeting

Recommended proposals for an amendment to the Memorandum of Incorporation, the adoption of new Articles of Incorporation and the disapplication of pre-emption rights

The Company is an authorised closed-ended investment scheme in accordance with Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Schemes Rules 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council has taken any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. The Guernsey Financial Services Commission has not reviewed this Circular and it together with the States of Guernsey Policy Council take no responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

The Proposals described in this Circular are conditional on Shareholder approval at the EGM. Notice of the EGM to be held at 11.00 a.m. on 24 March 2011 at the offices of HSBC Securities Services (Guernsey) Limited, Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF is set out at the end of this Circular.

Shareholders are requested to return a Proxy Appointment by one of the following methods: (i) in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; (ii) via www.capitashares.co.uk; or (iii) in the case of CREST members, by utilising the CREST electronic proxy appointment service (details of which are contained in this Circular), in any case so as to be received by the Company's registrar, Capita Registrars, as soon as possible and, in any event, not less than 48 hours before the time at which the EGM (or any adjournment thereof) is to begin. Completion of a Proxy Appointment will not preclude a Shareholder from attending, speaking and voting in person at the EGM.

Your attention is drawn to the letter from the Chairman of the Company which is set out in this Circular and which recommends that you vote in favour of the Resolutions to be proposed at the EGM. Your attention is also drawn to the section entitled "Action to be Taken" on page 7 of this Circular.

Defined terms used in this Circular have the meanings ascribed to them in the section headed "Definitions" on page 8.

This Circular is not a prospectus and is not an offer to sell or a solicitation of any offer to buy any securities in the United States or in any other jurisdiction. The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, and the Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended.

PHAUNOS TIMBER FUND LIMITED

(an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 45564)

LETTER FROM THE CHAIRMAN

Keith Oates (Chairman)
Liane Luke
Kimberly Tara
Sir Henry Studholme
Martin Ricketts
Ian Burns

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

3 March 2011

To the Shareholders

Dear Sir or Madam

NOTICE OF EXTRAORDINARY GENERAL MEETING

RECOMMENDED PROPOSALS FOR AN AMENDMENT TO THE MEMORANDUM OF INCORPORATION, THE ADOPTION OF NEW ARTICLES OF INCORPORATION AND THE DISAPPLICATION OF PRE-EMPTION RIGHTS

INTRODUCTION

The Board wishes to seek Shareholder approval for an amendment to the Memorandum of Incorporation and the adoption of new Articles of Incorporation to reflect changes in Guernsey company law and UK regulation affecting the Company. An extraordinary general meeting of the Company is being convened on 24 March 2011 at which Shareholders will be asked to consider:

- amending the Memorandum of Incorporation to confirm the company's status under the Companies Law;
- amending the Articles of Incorporation to (i) reflect changes made by The Companies (Guernsey) Law, 2008, as amended; and (ii) reflect changes to the Listing Rules since the Articles of Incorporation were last subject to updating for these purposes, including the requirement introduced in 2010 that, in order for the Shares to continue to be admitted to the Official List with a premium listing, the Company must adopt in its constitution pre-emption rights applicable to any further issues of Shares for cash;
- disapplying the pre-emption rights on a limited basis;
- amending the scrip dividend provisions in the Articles of Incorporation so that the pricing and timing of any scrip dividend issue would be in line with current market practice; and
- clarifying certain aspects of the C Shares provisions and restricting the scope of indemnities from the Company provided for in the Articles of Incorporation,

(together, the "**Proposals**").

The purpose of this Circular is to provide Shareholders with details of, and to seek Shareholder approval for, the Proposals. This Circular includes notice for the EGM to be held at 11.00 a.m. on 24 March 2011 at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF.

The Board believes that the Proposals are in the best interests of the Company and its Shareholders as a whole and recommends that you vote in favour of the Resolutions at the EGM. You are therefore urged to complete and return your Proxy Appointment without delay, whether or not you intend to attend the EGM.

Amendment to the Memorandum of Incorporation

The Companies Law requires a statement as to the status of a company in its memorandum of incorporation. It is proposed that the Memorandum of Incorporation is amended to include a statement that the Company is a non-cellular company (as such term is defined in the Companies Law).

Adoption of new Articles of Incorporation

To effect changes made to the Companies Law and the Listing Rules, the Company is required to amend its existing Articles of Incorporation. In addition, some Shareholders have requested that the Board offers a scrip dividend alternative in the event a cash dividend is payable in the future. Accordingly, the Board wishes to amend the Articles of Incorporation in line with current market practice on pricing of a scrip dividend. The Board also wishes to take the opportunity, given the other changes that are proposed in this Circular, to clarify certain aspects of the C Shares provisions in the Articles of Incorporation and to restrict the scope of indemnities that the Company may grant to the Directors. Further details of these changes are set out below.

Pre-emption rights

As a Guernsey incorporated vehicle, the Company is not subject to any local statutory requirements in respect of shareholder pre-emption rights for new Share issues for cash. Under changes to the Listing Rules that came into effect in April 2010, however, non-UK companies that have shares admitted to the Official List with a premium listing are required to have pre-emption rights contained in their constitution prior to 6 April 2011. Accordingly, the Board proposes that new Articles of Incorporation are adopted to introduce pre-emption rights in respect of all new Share issues for cash in order that the Company complies with the Listing Rules and retains the premium listing for the Shares.

It is further proposed that the pre-emption rights that are to be introduced in the new Articles of Incorporation are disappplied in respect of new issues of Shares, subject to the disapplication being limited to a proportion of any new issue of Shares that represents 5 per cent. of the issued share capital of the Company (including treasury shares). As at 1 March 2011 (the latest practicable date prior to publication of this Circular), this was equal to 27,060,744 Shares. The Board feels that this limitation is appropriate and customary for a closed-ended investment fund such as the Company, having regard to guidance from The Association of Investment Companies and the Statement of Principles published by the Pre-emption Group.

The disapplication is proposed by way of a special resolution of the Company and the Board intends to seek such disapplication at each annual general meeting of the Company hereafter, including the annual general meeting to be convened later this year.

Guernsey company law changes

The principal proposed amendments to the Articles of Incorporation in light of the changes introduced by the Companies Law are summarised below. The changes made are those strictly required by the Companies Law or that the Board believes the Company may benefit from as a result of the replacement of the Companies (Guernsey) Law 1994 to 1996, as amended (the "**Old Law**"). Non-material changes and changes of a minor, technical or clarifying nature have not been noted in this Circular. Shareholders are advised not to rely on this summary alone but to review the proposed Articles of Incorporation in their entirety.

Share Issues and Share Capital

The proposed Articles of Incorporation include an authority, now required under the Companies Law, for the Directors to issue an unlimited number of Shares and up to 1,556,490,000 C Shares for a period of 5 years from the date of adoption of the Articles of Incorporation. The Board expects to renew this authority at each annual general meeting hereafter, including the annual general meeting to be convened later this year.

References in the new Articles of Incorporation to special resolutions for reductions in share capital have been removed as the concept of a reduction of share capital by special resolution is no longer required by the Companies Law.

Variation of Class Rights

The proposed Articles of Incorporation have been revised to reflect the relevant sections of the Companies Law in connection with the variation of class rights.

Register of members

Certain amendments have been made in order to conform the provisions in the Articles of Incorporation to the Companies Law in respect of the maintenance of a register of members.

Meetings and Resolutions

The provisions in relation to general meetings have been modified to comply with new statutory provisions. It should be noted that the quorum provisions will, in the main, remain as currently drafted in the existing Articles of Incorporation. Those sections relating to notice of meetings have been amended so as to bring them into line with the provisions of the Companies Law. The amendments relate primarily to the method of giving notice and the contents of such notice. Amendments have also been made relating to the rights of Shareholders to appoint proxies. A proxy will have all the rights of the Shareholder who appointed him to attend, speak and vote at a meeting of the Company.

Directors

There are provisions under the Companies Law that require the Directors to make disclosures to the Board in respect of transactions in which they have an interest. The Company can void a transaction if such disclosure is not made unless there was no requirement to make the disclosure, the transaction is ratified or the Company receives fair value in respect of the transaction. The proposed Articles of Incorporation reflect the Companies Law in this regard.

Dividends

The proposed Articles of Incorporation have been amended to remove the current requirement that dividends can only be paid out of the profits of the Company as stipulated under the Old Law. The new statutory provisions in relation to distributions and reserves generally have been incorporated such that distributions to Shareholders may be made in any amount and from any account as long as the Board considers that, following the making of any such distribution, the Company will be able to pass a statutory solvency test (meaning that it can pay its debts as they fall due and that its assets will continue to be greater than its liabilities). See also the section below entitled '*Scrip dividends*' for further proposed changes to the Articles of Incorporation in respect of dividends.

Auditors

The provisions dealing with the appointment of Auditors have been removed and a reference to the appointment provisions under the Companies Law has been incorporated.

Directors' indemnities

The Companies Law has introduced provisions which limit the validity of indemnities granted by a company to its directors. The Directors' indemnity provisions contained in the Articles have been modified to limit the scope of any indemnity granted to Directors to the extent permitted under the Company Law. See also the section below entitled '**Indemnities**'.

Scrip dividends

A number of Shareholders have indicated to the Board that they would like to be able to elect to receive scrip dividends if a dividend in cash is payable in future.

The Directors currently have the discretion to offer a scrip dividend alternative to Shareholders when a cash dividend is declared. Shares issued pursuant to any such scrip dividend would be issued at the most recent NAV per Share under the existing Articles of Incorporation. The Board proposes that the new Articles of Incorporation are adopted to amend the existing scrip dividend provision in line with current market practice, such that the price of Shares to be issued pursuant to a scrip dividend is calculated by reference to the higher of (i) the prevailing market price of the Shares; or (ii) the NAV per Share, at the relevant time. The Board believes that this amendment will ensure that any scrip dividend alternative is priced appropriately while avoiding any dilution of the NAV for existing Shareholders.

Under the new Articles of Incorporation, the value of Shares to be issued upon a scrip dividend would be calculated by reference to the higher of: (i) the weighted volume average of the middle market quotations for a Share as shown in the Daily Official List of the London Stock Exchange for the day on which the Shares are quoted 'ex' the relevant dividend and the four subsequent dealings days; or (ii) the most recently published NAV per Share at the time.

The Board also proposes that the deadline for submission by Shareholders to the Company's registrar of elections to receive any scrip dividend alternative is amended in line with current market practice. This involves replacing the requirement in the existing Articles of Incorporation of 14 days prior to the record date for any dividend with a deadline of 15 Business Days prior to the payment date for any dividend.

Other amendments to the Articles of Incorporation

C shares

Shareholders should note that there are no C Shares in issue as at the date of this Circular and the Board has no intention to issue further C Shares as at the date of this Circular. However, in light of the need to make amendments to the Articles of Incorporation required by the Listing Rules and the Companies Law, the Board considers it would also be appropriate to make a number of minor amendments to the C Share provisions following the conversion of the C Shares in 2010.

The Board believes that it would be helpful to clarify the C Share provisions with respect to (i) the right of co-investment between the Shares and C Shares; (ii) the timing and allocation of investments between the Shares and C Shares; and (iii) the timeframe in which a conversion of C Shares must be effected.

The right of co-investment between the Shares and C Shares ceases when the Shares are 'fully committed' and thereafter all new investments made by the Company are allocated to the C Shares. The existing Articles of Incorporation are silent as to what constitutes 'fully committed' and, upon the advice of the Investment Manager, the Board considers that it would be helpful to define 'fully committed' for these purposes to assist with determining the allocation of investments between the two classes. Accordingly, it is proposed that 'fully committed' be defined in the new Articles of Incorporation as 85 per cent. of net issue proceeds arising from issues of Shares being committed for investment.

Following discussions with the Investment Manager, the Board believes that clarifying the manner in which the Company's investments are allocated between the Ordinary Share and C Share pools would

also be beneficial. The new Articles of Incorporation provide that any existing investments will be excluded when a determination of how assets should be allocated between the Ordinary Shares and C Shares is required to be made upon any new investment by the Company; this is not specifically dealt with in the existing Articles of Incorporation. Furthermore, the existing Articles of Incorporation do not permit the C Shares to participate in any new investments until up to 6 months following the issue of such C Shares because interim or annual audited financial statements are required for the purposes of determining any allocation of investments to the C Shares. Accordingly, the Board feels that it is appropriate to amend the Articles of Incorporation to permit the preparation of additional accounts for the purposes of allocation of investments, at the expense of the C Shares, at the Board's discretion in order to remove this delay.

The Board also wishes to clarify the timeframe for effecting the conversion of any C Shares. The Articles of Incorporation require the C Share conversion calculation to be determined by reference to the audited annual report and accounts of the Company, with the result that the existing timeframe to effect a conversion within 10 Business Days after the calculation date is insufficient. Accordingly, the Board proposes that the deadline for effecting a conversion is amended to 160 days so that there is sufficient time for the Company to prepare its audited annual report and accounts and for the conversion process to be completed thereafter.

Indemnities

The Board also wishes to take this opportunity to amend the indemnity provision in the Articles of Incorporation. The UK Companies Act provides that a company's constitution must not contain any indemnity that, *inter alia*, indemnifies a director against a liability for a fine imposed in criminal proceedings or in defending criminal proceedings in which a director is convicted. The proposed amendments will ensure that any director indemnity complies with the Listing Rules. The Board believes that it is also a matter of good corporate governance to revise the Articles of Incorporation to exclude indemnities in the same circumstances as provided for in the UK Companies Act.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the proposed revised Memorandum of Incorporation and the proposed revised Articles of Incorporation showing all changes will be available for inspection at (i) the registered office of the Company at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF; and (ii) the offices of Herbert Smith LLP at Exchange House, Primrose Street, London EC2A 2HS, during normal business hours on any Business Day, from the date of this Circular until the conclusion of the EGM, and at the place of the EGM for at least 15 minutes prior to, and during, the EGM.

RESOLUTIONS

You will find set out at the end of this Circular, a notice convening an EGM of the Company to be held at 11.00 a.m. on 24 March 2011. The resolutions to be proposed at the EGM will be proposed as special resolutions to: (i) amend the Memorandum of Incorporation; (ii) adopt new Articles of Incorporation to include pre-emption rights, make the changes required by the Companies Law and the Listing Rules explained in this Circular and amend the provisions relating to scrip dividends, C Shares and indemnities; and (iii) disapply the pre-emption rights in the new Articles of Incorporation on a limited basis until the date of the Company's next annual general meeting later this year.

All persons holding Shares at 11.00 a.m. on 22 March 2011, or if the EGM is adjourned, on the register of Shareholders of the Company 48 hours before the time of any adjourned EGM, shall be entitled to attend, speak or vote at the EGM and shall be entitled on a poll to one vote per Share held. As at 1 March 2011 (the latest practicable date prior to publication of this Circular), there were 537,149,832 Shares in issue (excluding Shares held in treasury).

ACTION TO BE TAKEN

Appointment of proxy

Whether or not you intend to attend the EGM, you should ensure that your Proxy Appointment is returned to the Company's registrars, Capita Registrars, by one of the following means:

- 1) in hard copy form by post, by courier or by hand to, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
- 2) via www.capitashares.co.uk; or
- 3) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the notice of the EGM.

In each case, the Proxy Appointment must be received by the Company not less than 48 hours before the time for holding of the EGM. To be valid, the relevant Proxy Appointment should be completed in accordance with the instructions accompanying it and lodged with the Company's registrars by the relevant time.

Completion and return of the Proxy Appointment will not affect a Shareholder's right to attend, speak and vote at the EGM.

A quorum consisting of two Shareholders present in person or by proxy is required for the EGM.

RECOMMENDATION

Your Board is of the opinion that the Proposals are in the best interests of the Company and its Shareholders as a whole and unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the EGM. The Directors who hold Shares intend to vote in favour of the Resolutions in respect of their entire shareholdings of 295,000 Shares, representing 0.05 per cent. of the total number of issued Shares (excluding treasury shares) as at 1 March 2011 (the latest practicable date prior to publication of this Circular). The Investment Manager also intends to vote in favour of the Resolutions in respect of its entire shareholding of 275,000 Shares, representing 0.05 per cent. of the total number of issued Shares (excluding treasury shares) as at 1 March 2011 (the latest practicable date prior to publication of this Circular).

Yours faithfully

Keith Oates
Chairman

DEFINITIONS

"Articles of Incorporation"	the articles of incorporation of the Company adopted from time to time
"Board" or "Directors"	the board of directors of the Company
"Business Day"	means any day other than a Saturday or Sunday or on which the major clearing banks are not open for business in London and Guernsey
"C Shares"	C shares of no par value in the share capital of the Company
"Circular"	this document
"Companies Law"	The Companies (Guernsey) Law, 2008, as amended
"Company"	Phaunos Timber Fund Limited
"EGM"	the extraordinary general meeting of the Company convened for 11.00 a.m. on 24 March 2011 (or any adjournment thereof), notice of which is set out at the end of this Circular
"Investment Manager"	FourWinds Capital Management
"Listing Rules"	the Listing Rules made by the UK Listing Authority pursuant to Part VI of the UK Financial Services and Markets Act 2000, as amended from time to time
"Memorandum of Incorporation"	the memorandum of incorporation of the Company as amended from time to time
"Net Asset Value" or "NAV"	means the total assets of the Company less the total liabilities of the Company (including accrued but unpaid fees) valued in accordance with the accounting policies adopted by the Company from time to time and expressed in U.S. Dollars
"Proposals"	the items of business to be proposed at the EGM
"Proxy Appointment"	the appointment of a proxy on behalf of a Shareholder in accordance with the procedures described in this Circular
"Resolutions"	the special resolutions to be proposed at the EGM and contained in the notice of EGM in this Circular
"Shareholder"	a registered holder of Shares
"Shares"	ordinary shares of no par value in the share capital of the Company
"UK Companies Act"	the UK Companies Act 2006, as amended
"US Dollar"	United States dollar, being the lawful currency of the United States of America

PHAUNOS TIMBER FUND LIMITED

(an authorised closed-ended investment company incorporated under the laws of Guernsey with registered number 45564)
(the "Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of the Company ("EGM") will be held at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 3NF on 24 March 2011 at 11.00 a.m. to consider and, if thought fit, to pass the following resolutions which are proposed as special resolutions:

THAT:

- (1) in accordance with regulation 2(1)(a) of the Companies (Transitional Provisions) Regulations 2008 a new paragraph 9 be inserted in the Company's memorandum of incorporation as follows:

"The Company is a non-cellular company within the meaning of section 2(1)(c) of the Companies (Guernsey) Law, 2008."

- (2) the articles of incorporation produced to the meeting and signed by the chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the new articles of incorporation of the Company (the "**Articles of Incorporation**") in substitution for, and to the exclusion of, the existing articles of incorporation, with effect from the conclusion of the EGM;
- (3) subject to the passing of resolution (2) above, the board of directors of the Company (the "**Directors**") be and are hereby empowered pursuant to article 3.2(g) of the Articles of Incorporation to issue or allot equity securities (within the meaning of the Articles of Incorporation) for cash pursuant to article 3.1(e) of the Articles of Incorporation or by way of a sale of treasury shares as if article 3.2 of the Articles of Incorporation did not apply to any such issue or allotment provided that this power shall be limited to:
 - a) the issue or allotment of equity securities in connection with an offer of equity securities in favour of the holders of ordinary shares on the register of members of the Company at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and
 - b) the issue or allotment (otherwise than pursuant to sub-paragraph a) of this resolution (3) to any person or persons of up to 27,060,744 ordinary shares in the capital of the Company,

and shall expire upon the date of the next annual general meeting of the Company, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be issued or allotted after such expiry and the Directors shall be entitled to issue or allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

By order of the Board
PHAUNOS TIMBER FUND LIMITED

Date: 3 March 2011

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

Notes:

- i). A form of appointment of proxy (the "**Proxy Appointment**") is enclosed with this notice. A Shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the EGM. A proxy need not be a Shareholder of the Company. If you wish to appoint a person other than the Chairman of the EGM, please insert the name of your chosen proxy holder in the space provided on the enclosed Proxy Appointment.
- ii). In the case of joint holders such persons shall not have the right to vote individually in respect of a Share but shall elect one person to represent them and vote in person or by proxy in their name. In default of such an election, the vote of the person first named in the register of members of the Company tendering a vote will be accepted to the exclusion of the votes of the other joint holders.
- iii). You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy you may photocopy the enclosed Proxy Appointment. 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 given by you. All hard copy Proxy Appointments must be signed and should be returned together in the same envelope.
- iv). In order to be valid a Proxy Appointment must be returned by one of the following methods:
 - a) in hard copy form by post, by courier or by hand together with any power of attorney or other authority under which it is executed (or a notarially certified copy of such power of attorney or authority) to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
 - b) via www.capitashares.co.uk; or
 - c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

and in each case must be received by the Company not less than 48 hours before the time of the EGM. A Shareholder that appoints a person to act on its behalf under any power of attorney or other authority and wishes to use method b) or c) must return such power of attorney or other authority to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU prior to using such method and in any event not less than 48 hours before the time of the EGM.

- v). CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy 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.
- vi). 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 Proxy Appointment 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 (ID RA 10) by the latest time(s) for receipt of Proxy Appointments specified in the notice of EGM. 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, if the

CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), 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.

- vii). In the case of a Shareholder which is a company, a hard copy Proxy Appointment must be executed under its common seal or under the hand of an officer or attorney duly authorised.
- viii). Any corporation which is a Shareholder may by a resolution of its directors or other governing body authorise such persons as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders of the Company or to approve a resolution submitted in writing and the person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Shareholder of the Company.
- ix). Completion and return of the Proxy Appointment will not preclude a holder of Shares from subsequently attending, speaking and voting in person at the EGM should they wish. If a Shareholder attends the EGM in person, any Proxy Appointment will automatically be terminated.
- x). By attending the EGM a holder of Shares expressly agrees they are requesting and willing to receive any communications made at the EGM.
- xi). If you submit more than one valid Proxy Appointment, the Proxy Appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which Proxy Appointment was last validly received, none of them shall be treated as valid in respect of the same.
- xii). To have the right to attend, speak and to vote at the EGM (and also for the purpose of how many votes a holder of Shares casts), a holder of Shares must first have his or her name entered in the register of holders of Shares by no later than 11.00 a.m. on 22 March 2011. Changes to entries on the register of holders of Shares after that time shall be disregarded in determining the right of any holder of Shares to attend and vote at the EGM.
- xiii). A quorum consisting of two Shareholders being entitled to vote and attending in person or by proxy is required for the EGM. If within half an hour after the time appointed for the meeting a quorum is not present the EGM shall be adjourned for 7 (seven) days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those Shareholders present in person or by proxy shall constitute the quorum at any such adjourned meeting.
- xiv). The resolutions to be proposed at the EGM will be proposed as special resolutions which, to be passed, must receive the support of not less than seventy five per cent. of the total number of votes cast for or against the resolutions.
- xv). Defined terms used but not defined in this notice shall have the same meaning given to them in the Circular of the Company dated 3 March 2011.