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PARDUS | Protected Fixed Income Bond

Offering Document – 16 March 2022

Relating to the issue of up to an aggregate of \$3,015,000,000 of 1% bonds to be issued by PARDUS Capital Holdings PLC (formerly known as PARDUS Fixed Income Bond Company PLC).

This document is exempt from the general restriction (in Section 21 of the Financial Services and Markets Act 2000) on the communication of invitations or inducements to engage in investment activity on the grounds that this document is only being communicated to, and directed at, certain categories of people who fall within the exemptions set out in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO") ("Exempt Persons"). Exempt Persons include investment professionals as defined in Article 19 FPO; certified high net worth individuals as defined in Article 48 FPO; high net worth companies, unincorporated associations, trusts and partnerships as defined in Article 49 FPO; sophisticated investors defined in Article 50 FPO and self-certified sophisticated investors defined in Article 50A. The investment opportunity will only be available to Exempt Persons.

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Warnings applicable to certain classes of recipient are set out below. Recipients who do not satisfy the eligibility criteria will not be permitted to invest, and this document cannot be made available to them.

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GENERAL NOTE: If you are in any doubt as to whether you qualify, you must consult a person authorised under FSMA who specialises in advising on investments. Also, you should speak to your tax adviser if necessary.

Prospective Investors should rely only on the information contained in this document and should carefully consider the section of this document entitled "Risk Factors". No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by PARDUS Capital Holdings PLC.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

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ELIGIBLE INVESTORS This investment is only suitable for professional or experienced Investors (who otherwise fall within one of the categories above). Where this investment has been communicated to you by, or you have taken appropriate independent professional advice from, an FCA authorised person, you may also be required

to show to the satisfaction of the FCA authorised person your suitability to this investment or the appropriateness of this investment for you. This may include signing various certificates required under the FCA Rulebook. Regulatory requirements, which may be seen as necessary for the protection of retail or non-expert Investors, otherwise do not apply to this investment. By declaring that you have received this warning and understood and accepted its terms you are expressly agreeing that you accept the risks in the investment accordingly. You are wholly responsible for ensuring that all aspects of the investment are acceptable to you. Unless you fully understand and accept the nature of this investment and the risks inherent in investing in it you should not invest.

Investors' attention is specifically drawn to the section of this document headed "Risk Factors"

Forward Looking Statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements relate to matters that are not historical facts. Any such statements, which may include statements contained in the section entitled "Risk Factors", are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general, economic and business conditions. As such, these forward-looking statements speak only as of the date of this Document.

Subject to its legal and regulatory obligations, PARDUS Capital Holdings PLC expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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The Company and Advisors

The Issuer (the “Company”)

PARDUS Capital Holdings PLC (CN: 11313361)
12 Hay Hill
Mayfair
London
WJ1 8NR

Security Trustee

Woodside Corporate Services Limited
4th Floor,
50 Mark Lane,
London, EC3R 7QR

Insurance Advisor

Specialist Lloyd’s Brokers

Bankers

OCBC
65 Chulia St
OCBC Centre
Singapore 049513

Corporate Advisers and Accountants

A Ahmed
131 Gordon Road
Ilford
IG1 2XT

Definitions

In this document the following words and expressions shall have the meaning set out opposite:

Bondholders	those people who have subscribed for and been issued Bonds by the Issuer.
Bond or Bonds	the Sterling denominated unsecured 1% bonds to be issued by the Issuer pursuant to the Bond Instrument in tranches. up to \$3,015,000,000 1% PARDUS Protected Fixed Income Bonds
Bond Instrument	the bond instrument, a copy of which is set out in the Appendix to this document, under which the Issuer shall issue the Bonds.
Business Day	a day other than Saturday or Sunday or a public holiday in England and Wales.
Conditions	the conditions to which the Bonds are subject, as set out in Part 10 – Terms and Conditions of the Bonds.
Company	the Issuer.
FCA	the Financial Conduct Authority.
FSMA	Financial Services and Markets Act 2000.
Investment Strategy	the investment strategy employed by the Issuer with the proceeds raised from the issue of the Bonds with such strategy more fully described in Part 4 (Use of Proceeds – Investment Strategy).
Issuer	PARDUS Capital Holdings PLC.
Quarter Date	31 March, 30 June, 30 September, 31 December.
Summary	the Pricing Summary of Final Terms for any Series or tranche of Bonds to be issued under this bond programme as issued from time to time by the Issuer
USD	US Dollar or \$.

1. Information about the Bonds

The overview below describes the principal terms of the Bonds and is qualified in its entirety by the detailed information appearing elsewhere in this document and, in particular, the terms and conditions of the Bonds contained in Part 10 – Terms and Conditions of the Bonds. Potential investors are urged to read this document in its entirety. Terms used in this overview and not otherwise defined shall have the meanings given to them in the Terms and Conditions of the Bonds. If you have any questions, you should seek advice from your independent financial adviser or other professional adviser before deciding to invest:

What are the Bonds?	The Bonds are debt instruments issued by the Issuer. The Bonds will be subject to the terms and conditions which are set out in Part 10 – Terms and Conditions of Bonds.
Issuer	The Bonds will be issued by PARDUS Capital Holdings PLC.
Bonds to be Issued	Up to \$3,015,000,000 aggregate principal amount of 1 per cent. secured Sterling Bonds (the Bonds).
Issue Date	As per face of bond certificate, being the first day of the month following the month in which a subscription is accepted by the Issuer
Maturity Date	Two years from Issue Date
Issue Price	100 per cent.
Net Proceeds	98 per cent. of the aggregate principal amount of Bonds issued. There will be a 2% set up fee deducted from the proceeds and used to cover professional fees relating to the setup of the Bond.
Interest Rate	The Bonds will bear interest at a rate of 1 per cent.
Interest Payment Dates	Interest will be payable quarterly in arrears on a Quarter Date provided that the first interest payment date will be the first Quarter Date after the issue of the Bonds.
Status	The Bonds constitute direct, general, unconditional obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves.
Security	The Bonds will be secured by way of a debenture, containing a fixed and floating charge over the assets of the Issuer, granted by the Issuer in favour of the Security Trustee for the benefit of the Bondholders. The Security Trustee may exercise its rights under the Debenture, on the occurrence of an event of default by the Issuer, in accordance with any directions given to the Trustee by the Bondholders under the terms of a Security Trustee Deed.

Events of Default	Events of Default under the Bonds include: non-payment of principal or interest under the Bonds (as regards interest, upon expiry of a grace period); breach of the covenants and other terms contained in the Conditions; cross-acceleration of any indebtedness of the Issuer; enforcement proceedings against the Issuer, insolvency events or winding-up relating to the Issuer.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. Certain of these factors are set out in Part 9 - Risk Factors, and include, among others, risks relating to regulatory and legislative changes, market, liquidity and legal risks and the general economic situation. In addition, there are certain factors in relation to assessing the risks associated with holding the Bonds.
Modification and Waiver	The Bondholders may, by special resolution, agree to modify, abrogate or compromise any of the provisions of the Bond Instrument or the Conditions.
Use of Proceeds	The net proceeds of the issue of the Bonds will be used by the Issuer to carry out the Investment Strategy. Further details are set out in Part 4 - Use of Proceeds – Investment Strategy.
Governing Law	The Bonds and the Bond Instrument will be governed by the laws of England.
Credit Ratings	None.

2. Offer to investors

The Company is issuing up to \$3,015,000,000 aggregate principal amount of 1 per cent. unsecured USD Bonds in four tranches. The first tranche of \$15,000,000 was issued in 2020, the second tranche was issued for \$1,000,000,000 in August 2021, the third tranche of \$500,000,000 was issued on 13 January 2022 and the fourth tranche will be issued for up to \$1,500,000,000 pursuant to the Offering Document dated 16 March 2022. The Bonds are repayable at 100 per cent of nominal value 24 months from their individual Issue Date.

Interest will be first payable on the first Quarter Date after the issue of Bonds and then on each Quarter Date after that until the maturity of the Bonds. Interest due for broken periods will be prorated. The Company may extend the date for the payment of interest by up to five Business Days.

The minimum subscription for Bonds is \$50,000.00 and after that in multiples of \$50,000.00. Each Bond has a face value of \$1.00. The Company will issue certificates for the Bonds to subscribers.

The Bonds are freely transferable. The Bonds will be represented by definitive certificates on issue and will be freely transferable. The Company has made arrangements for the electronic settlement of transactions in the Bonds through the CREST electronic system.

At least one month before the maturity dates of the Bonds which they hold, Bondholders will be given the opportunity to reinvest their capital in a new PARDUS bond.

Investors are strongly advised to read the risk factors outlined in Part 9 – Risk Factors.

3. Use of proceeds – Investment Strategy

The proceeds raised from the issue of the Bonds will be invested by the Issuer, either directly or indirectly, through an investment programme exclusively focused on contract arbitrage in financial instruments.

The Investment Strategy is designed to provide above average yields whilst at the same time ensuring security of capital combined with low risk investment strategies as its key principles. Those principles combine:

- Integrity of information
- Integrity of money transmission
- Safeguarding Bondholders' interests
- Risk reduction through insurance cover against trading and operational risks
- Asset backing
- Risk reduction through contract arbitrage trading

Arbitrage is a widely used technique where securities, commodities and other tradable products are purchased and sold for a profit through professional traders who effectively eliminate risk by preselling the asset or simultaneously buying and selling the asset. Profit is generated from the simple difference in the price.

The Issuer will not invest directly in any asset class but, instead, it will participate directly or indirectly through experienced traders which purchase assets always on a presold basis.

Trading in financial instruments

Financial instruments can be real or virtual documents representing a legal agreement involving any kind of monetary value. Equity-based financial instruments represent ownership of an asset. Debt-based financial instruments represent a loan made by an investor to the owner of the asset. Different subcategories of each instrument type exist, such as preferred share equity and common share equity.

International Accounting Standards define financial instruments as "any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity."

Financial instruments may be divided into two types, cash instruments and derivative instruments.

The values of cash instruments are directly influenced and determined by the markets. These can be securities that are easily transferable. Cash instruments may also be deposits and loans agreed upon by borrowers and lenders.

The value and characteristics of derivative instruments are based on the vehicle's underlying components, such as assets, interest rates or indices. These can be over-the-counter (OTC) derivatives or

Financial instruments may also be divided according to asset class, which depends on whether they are debt-based or equity-based.

Short-term debt-based financial instruments last for one year or less. Securities of this kind come in the form of T-bills and commercial paper. Cash of this kind can be deposits and certificates of deposit (CDs). Under short-term debt-based financial instruments can be short-term interest rate futures. OTC derivatives are forward rate agreements.

Long-term debt-based financial instruments last for more than a year. Under securities, these are bonds. Cash equivalents are loans.

Securities under equity-based financial instruments are stocks. Exchange-traded derivatives in this category include stock options and equity futures. The OTC derivatives are stock options and exotic derivatives.

An exchange is a marketplace in which securities, commodities, derivatives and other financial instruments are traded. The core function of an exchange is to ensure fair and orderly trading, as well as efficient dissemination of price information for any securities trading on that exchange. Exchanges give companies, governments and other groups a platform to sell securities to the investing public.

A recognised exchange is one which has secured the recognition of a regulator, such as the FCA.

Understanding arbitrage

Capital preservation and security are paramount in most investors' strategy. Therefore, the Directors believe that the most sought-after investment model is one which provides healthy returns with minimal risk to capital and for many this is the holy grail of investing.

Arbitrage trading removes risk to capital. It is the simultaneous purchase and sale of an asset or provides capital for leverage on a contract being closed which itself is using contractual arbitrage as its strategy, which generates a profit from the difference in price. Risk is eliminated because the asset is presold before it is bought. The only risk lies in the wrongful act or omission of the trader, against which the Company is insured. The strategy also deploys the use of the bond proceeds as collateral for the issuance of stand by letters of credit and similar to be issued by tier 1 banks for underlying contracts to be entered into and closed with fees generated from the use of the proceeds in such a manner as the collateral.

Examples of assets tradable by arbitrage

Gold

Arbitrage trading in gold operates on the same principles. For example, the price of gold at Comex is US\$1225. On a local exchange, bullion is sold at US\$ 1227. The bullion can therefore be bought at the lower price and sold at the higher, making a US\$2 profit. Discounts on gold purchases vary and, again, it is possible to buy at a discounted rate and sell at a higher rate.

Commodities

There are four categories of trading commodities:

- energy, including crude oil, heating oil, natural gas and petrol
- metals, including gold, silver, platinum and copper
- livestock and meat, including lean hogs, pork bellies, live cattle and feeder cattle
- agricultural, including corn, soybeans, wheat, rice, cocoa, coffee, cotton and sugar

Basic economic principles typically follow the commodities markets: lower supply equals higher prices. Trading and investing in commodities can be very different from investing in traditional securities such as stocks and bonds. Global economic development, technological advances and market demands for commodities influence the prices of staples such as oil, aluminium, copper, sugar and corn. For instance, the emergence of China and India as significant economic players has contributed to the declining availability of industrial metals, such as steel, for the rest of the world.

There are many commodity and futures exchanges around the world. Each exchange carries a few commodities or specialises in a single commodity. Futures, forward contracts and hedging are normal practice in commodities markets.

Debt

The International Organization of Securities Commissions (IOSC) research department has stated that corporate debt markets have almost tripled in size since 2000, reaching US\$49 trillion in 2013.

Normal trading in debt instruments, like government and corporate bonds, bank guarantees, letters of credit, issued by governments and public and private sector corporations, is affected on the open market where debt instruments are bought and sold with bids and offers like an auction. Besides this open market, there is a closed, private market where the programmes are based on arbitrage buy-sell transactions with pre-defined prices.

The core of this market and its security for investors are their structure of pre-arranged buy-sell transactions, or arbitrage. This means that the debt security will be bought and sold at the same time at a pre-defined price and that a chain of buyers/sellers is contracted, including the exit-buyers, which are institutions, other banks, investment vehicles, insurance companies, big companies or wealthy individuals. The debt instruments are never sold directly to the exit-buyer from the issuing banks. The trades have a lower level of risk because they are not executed until both the purchase agreement and the sale agreement are in place. The difference in the price between the purchase and the sale creates the profit for the trader.

4. Payment of Interest and Redemption of Bonds

The redemption of the Bonds and the interest payable on them will be funded from the profits generated by the Company's Investment Strategy with the proceeds of the Bonds. Sufficient of these profits will be credited to PARDUS Capital Holdings PLC to fund interest on and redemption of the Bonds.

The Company may redeem Bonds at any time by repaying to investors their capital and the interest which they would have earned to maturity.

Investors may request an early redemption of Bonds subject to the following:

- redemption of Bonds will only be permissible from 12 months after the Issue Date with the investors being required to give the Issuer not less than 3 months prior written notice;
- there must be a minimum redemption of \$50,000;
- the Issuer will charge a redemption fee equal to 2% of the amount of Bonds being redeemed;
- the investor must retain not less than \$50,000 in nominal value of Bonds for a period of 24 months from the Issue Date.

5. Investor Protection

Investors capital is protected in the following ways:

1. This document has been subjected to a verification process between the Issuer and its directors and their corporate advisers to ensure so far as possible that its contents and the information provided in this document are accurate.
2. The Issuer has granted by way of security a debenture, containing a fixed and floating charge over all of the assets of the Issuer, in favour of the Security Trustee who shall hold the security in trust for the Bondholders including a floating charge over cash held in the value of \$1,500,000,000 at an account with FTAM in the name of the Issuer. In the event of a default under the Bonds or Bond Instrument, the Security Trustee, at the direction of the Bondholders shall be able to enforce the rights afforded to it under the debenture.

Expenses

To further protect the capital of the potential investors, the Issuer will invest in the Bonds an amount equal to 100 per cent of any marketing expenses which it incurs in order to ensure that investors are not prejudiced. All expenses related to the offer contained in this document and the underlying and related documentation with regards to the Bonds will be paid by the Company.

6. The Issuer

The Issuer, is an English public limited company, formed as a special purpose vehicle for the issuance of bonds, (“SPV”), incorporated on 17 April 2018 for the specific purpose of issuing the Bonds to investment professionals and other eligible investors in order to raise funds to enable it to then undertake the Investment Strategy.

7. Directors and advisory board

The directors of the Issuer are:

- **Greg Bryce CEO | Director – Pardus Capital Holdings PLC / Pardus Wealth Limited**
With over 30 years' experience in banking, broking and the regulatory space in the institutional arena, covering the whole product spectrum, Greg is well positioned to oversee the growth, well-being and targets the Issuer is looking to achieve.
- **Mike Bold | Director – Pardus Capital Holdings PLC**
Mike has held a senior leadership positions for the past 15 years, which have included varying roles from managing high-value strategic projects for multinational organisations to structuring innovative engineered financial solutions of major acquisitions. Mikes diligent approach is essential to keeping the company’s high-level strategy front and centre whilst ensuring the day-to-day operations remain compliant with current legislation.

8. Taxation

The comments that follow are of a general nature based on UK tax law and HM Revenue & Customs practice in effect at the date of this document and are subject to any changes that may take place after that date, possibly with retrospective effect. The comments are not intended to be exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to people who are the absolute beneficial owners of the Bonds and may not apply to certain classes of people, for instance dealers or certain professional investors.

Prospective subscribers of the Bonds are advised to consult their professional advisors on the tax consequences of the acquisition, ownership or redemption of the Bonds and any benefits derived from them.

Individuals & Trusts

The Bond Issuer will be obliged to withhold tax at the basic rate, currently 20%, on all payments of cash interest to individual and trustee Bondholders unless the Bondholder is a corporate investor resident in the UK. The precise tax treatment and liability of a Bondholder will depend on the Bondholder’s individual

circumstances and the tax law and practice at the relevant time and may therefore be subject to change in the future.

A Bondholder who is subject to UK Income Tax at the basic rate should not be required to pay more tax than the amount withheld and paid to HM Revenue and Customs by the Bond Issuer.

A Bondholder who is subject to UK Income Tax at rates higher than the basic rate may be required to pay more tax than the amount withheld and paid to HM Revenue and Customs by the Company.

A Bondholder who is resident in a country with which the UK has a double tax treaty may be able to apply for the rate of tax withheld to be reduced.

No liability to UK Capital Gains Tax should arise on the issue or subsequent repayment of the Bonds.

A holding of Bonds is likely to form part of a Bondholder's estate for UK Inheritance Tax purposes.

Corporate Investors

Corporate investors resident in the UK for Corporation Tax purposes will receive gross payments of interest. There is no current obligation to withhold tax.

Corporate investors will have to pay tax on the interest received at the Corporation Tax rate that applies to their profits and status.

The Company will generally be obliged to deduct tax at the basic rate (currently 20%) from payments of interest to corporate investors who are not resident in the UK.

Stamp Duty and Stamp Duty Reserve Tax

For all investors, no UK Stamp Duty or Stamp Duty Reserve Tax should arise on the issue or redemption of a Bond.

9. Risk Factors

Investors and prospective investors should consider carefully all the information set out in this document and the risks attaching to the Bonds, including, in particular, the risks described below, and consult with their professional advisers before making any investment decision. The information below does not purport to be an exhaustive list and is not intended to be presented in any assumed order of priority. In particular, the Issuer's performance may be affected by changes in market or economic conditions and in legal, regulatory or tax requirements as well as overall global financial conditions.

Investors and prospective investors should consider carefully whether an investment of this sort is suitable for them in light of the information in this document and their personal circumstances. In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Bonds.

If a potential investor is in any doubt about the action he should take, he should consult his personal adviser authorised by the FCA who specialises in advising on investments of this kind before making any investment decisions. If any of the following risks were to materialise, the Issuer's business, financial conditions, results or future operations could be materially adversely affected. In such cases, an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Issuer.

Risks relating to the Issuer and its Investment Strategy

Failure of counterparties in arbitrage trade programmes

The Issuer will invest the net proceeds of the issue of the Bonds in arbitrage trade programmes exclusively focusing on financial instruments. Usually, a trade programme is nothing other than a pre-arranged buy-sell transaction of assets structured as an arbitrage transaction. If a counterparty to a transaction fails to meet

its obligation to sell or to buy, the Issuer may suffer a loss which could affect its ability to able to pay interest on the Bonds, to repay them or to establish or make payments to the Security Fund. The Issuer has £3,000,000.00 of insurance cover including £3,000,000.00 for third party crime involving forgery.

The performance of the Issuer's investment in arbitrage trade programmes may be affected by a number of factors. It may experience poor investment performance, both in absolute terms and relative to the performance of portfolios managed by competitors and relative to other asset classes, due to the failure of strategies implemented in investing in trade programmes. The amount of assets under management and performance of the trade programmes may also be affected by matters beyond the control of management, including conditions in the domestic and global financial markets and the wider economy, such as the level and volatility of bond prices, interest rates, exchange rates, the break-up of the Eurozone or other similar event having an impact on the value of the euro, liquidity in markets, credit spreads, margin requirements, the availability and cost of credit and the responses of governments and regulators to these economic and market conditions. Adverse movements in any of the global conditions described above could result in losses in trade programmes, all of which, individually or taken together, could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer's investments.

Lack of profits

There can be no assurance that the Issuer will achieve its investment objectives or that the Investment Strategy described in this document will be successful. Given the risks that are described in this section, there exists a possibility that an investor could suffer as a result of the inability of the Issuer to pay interest and to repay capital.

The Issuer, however, has concluded agreements with the principal of a trading programme that guarantees a minimum level of profits which is more than sufficient to pay the interest on the Bonds and to repay investors at maturity.

Insurance cover

Certain events resulting in loss by the Issuer may not be fully compensated (or compensated at all) by the Bond Offering Insurance. Should the uninsured loss or a loss in excess of insured limits occur, the Issuer may not be able to recover all or part of the capital invested.

Unforeseen events

The Company's investment strategies are designed to be relatively non-correlated with respect to the movements in equity markets in general. Notwithstanding, the Company may be adversely affected by unforeseen events involving such matters as political crises, changes in currency exchange rates, interest rates, forced redemptions of securities or the disposal of banks. The Company believes that its investment strategy moderates these risks.

Concentration of investments

From time to time a significant portion of the Company's capital may be concentrated in a particular security, industry, market or country, which may become subject to adverse financial conditions. Should this occur, the Company's capital may not enjoy the protection otherwise available through greater diversification of its investments.

Litigation and claims

The Company may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a lawsuit or proceeding arising from a director's wilful neglect or default in the performance of his duties, expenses or liabilities of the Company arising from any suit will be borne by it.

Risks relating to the Bonds

Absence of rating

The Bonds are not currently rated by any rating agency. Therefore, the investors in the Bonds cannot rely on any third party independent evaluation of the ability of the Company to meet its obligations under the Bonds.

Modification and waiver

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders

who voted in a manner contrary to the majority.

Transfer the Bonds

The Bonds are transferable but Bondholders may not be able to sell their Bonds and there will be no ready market. The Directors may at a later date agree to a listing of the Bonds on a regulated market at which time the Bonds there may be a market available, subject to the requirements of the relevant regulated market upon which they are listed.. An investor should therefore only subscribe for Bonds on the basis and understanding that he may not be able to transfer the Bonds at any time prior to their redemption.

Illiquid Investment

Investment in an security of this nature, being an illiquid investment, is speculative, involving a degree of risk. It will not be possible to sell or realise the Bonds until they are repaid by the Issuer. It may not be possible for an Investor to obtain reliable information about the risks to which Bonds are exposed.

Bondholders may receive less than the original amount invested

The Issuer is dependent upon the success of its Investment Strategy in order for it to be able to pay interest and repay capital. The Company believes that it has reduced this risk substantially by ensuring that its trading programmes are conducted on an arbitrage basis and by insuring against traders' defaults up to a limit of £3,000,000.00 for professional operational and third-party crime involving forgery.

Security

Although the Bonds are secured by way of a fixed and floating charge (in the form of a debenture) granted by the Issuer, if the Issuer was to become insolvent there is a risk that (i) some or all of the nominal value of the Bonds will not be redeemed; and (ii) some or all of the interest due on the Bonds will not be paid.

Financial risks

Each potential investor in the Bonds must consider their suitability in light of his own circumstances. In particular each potential applicant should, with the help of an authorised independent financial adviser, have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, to understand this Memorandum and the suitability of the Bonds within his/her investment portfolio and to have sufficient financial resources and liquidity to bear all of the risks of on investment in the Bonds.

Change of law

The terms and conditions of the Bonds contained in the Bond Instrument are governed by English law in effect as at the date of issue of the Bonds. No assurance can be given as to the impact of any judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Bondholders or alter post tax returns to Bondholders. Statements in this Memorandum concerning the taxation of Bondholders are based on current tax law and practice which is subject to change. The taxation of an investment in the Bonds depends on the individual circumstances of investors.

Financial Services Compensation Scheme

The Bonds are not investments which are regulated by the FCA and are not protected from loss by the Financial Services Compensation Scheme. The Company's insurance policy does not provide a substitute for protection under the Financial Services Compensation Scheme.

Economic and political conditions

The Company does not have control over political, legal or regulatory changes within the business environment in which it operates and any of these factors could affect the Company and the Bonds.

Early redemption

The directors of the Company may redeem Bonds early and may redeem some Bonds early but not others. In the event of early redemption, the Company will pay the interest which would have been earned on the Bonds so redeemed.

Inflation

A sudden increase in inflation could reduce the Company's ability to pay interest and to repay capital due on the Bonds, since the purchasing power of the proceeds of the Bonds capital falls if the rate of inflation is higher than the return on those proceeds.

Interest Rate Risk

As the Bonds are fixed rate coupon, Investors will not benefit from any subsequent increases in market interest rates.

Tax risk

Changes in tax laws or in the policy of tax administrations could adversely affect the Company's future after-tax returns

A change in relevant UK legislation or in Her Majesty's Revenue and Customs policy or practice could adversely affect the Issuer's returns or financial condition.

The purchase, holding or sale of assets or investments by an issuer may be subject to tax regulations (e.g. withholding tax) outside the issuer's country of domicile

Investors should take their own tax advice as the consequences of owning, redeeming and receiving interest payments from the Bonds.

10. Bond Conditions

1. Pricing Summary

The Bonds shall be issued on such terms as contained in the Pricing Summary for the Series or Tranche to which they relate.

2. Repayment

All Bonds not previously repaid (in whole or in part) will be redeemed by the Issuer on the Maturity Date, at par, together with interest accrued up to and including the date of redemption, PROVIDED THAT the Bondholder returns their bond certificate to the Issuer (or if such certificate is lost, stolen or destroyed, an indemnity in a form satisfactory to the Directors) at least one month prior to the relevant Maturity Date.

3. Early repayment

3.1 The Company may at any time, by giving the Bondholders not less than one month's written notice, repay the principal amount of all or a portion of the Bonds on the date specified in such notice.

3.2 The Bondholder may after the first anniversary of the issue of a Bond, by giving the Company not less than three months' written notice, request repayment of a portion of the Bonds, provided always that the Bondholder must hold until the Maturity Date an aggregate nominal amount of Bonds of not less than \$50,000.

3.3 The Company shall upon receiving notice under condition 2.2 repay the amount requested by the Bondholder (such amount not being less than \$50,000.00) minus the early redemption fee of 2% to the Bondholder on the last day of the next month after which such notice has expired.

3.4 Any payment made by the Company under Condition 2.1 or 2.3 shall include all unpaid interest accrued on the Bonds to be redeemed up to and including the date of the payment (in each case less any taxes required by law to be deducted or withheld from such payments).

3.5 Any payment made under the provisions of Condition 2.1 or 2.3 shall be treated as reducing the amount of the repayments under Condition 1 proportionately.

3.6 Any redemption of the Bonds under the provisions of Condition 2.1 or 2.3 shall be made pro rata to the holdings of all Bondholders.

4. Cancellation

All Bonds repaid, prepaid or purchased by the Company shall be cancelled and the Company shall not reissue the same.

5. Payment of interest

- 5.1 Until all of the Bonds shall have been redeemed, interest on the principal amount of each outstanding Bond in issue (and on any accrued and outstanding interest that is compounded in accordance with clause 4.4) shall accrue on a daily basis from the date of issue of such Bond to the date of redemption of such Bond (both days inclusive) at the Interest Rate. If the Company redeems any Bonds in respect of which interest has accrued pursuant to this condition 4, interest on those Bonds will be paid to the Bondholders on redemption of those Bonds.
- 5.2 Any interest which falls for calculation will be calculated on the basis of a 365 day year and actual days elapsed.
- 5.3 Any interest accrued pursuant to clause 4.1 shall be payable monthly in arrears on each Quarter Date (each an “**Interest Payment Date**”), provided that the first Interest Payment Date shall be the first Quarter Date after issue of the Bonds, and shall be *prorated* in respect of any period that is less than three months.
- 5.4 If any amount becomes payable in accordance with the terms hereof but is not paid, such amount shall accrue interest at a rate of 2 per cent, above the Interest Rate (compounding on a semi-annual basis on each Interest Payment Date) between the date upon which such amount became payable and the date of actual payment (both days inclusive).
- 5.5 If so required by applicable law the Company will withhold tax from interest payments and account therefor to HM Revenue & Customs in accordance with the relevant legislation in force from time to time.

6. Dealings

The Bonds shall be capable of being dealt in or on any stock exchange in the United Kingdom or elsewhere and the Issuer, with the agreement of the Security Trustee, may apply to any stock exchange for permission to deal in or for an official or other quotation for the Bonds.

7. Notices

Any Bondholder described in the register of Bondholders as being at an address outside the United Kingdom but who shall from time to time give to the Company an address within the United Kingdom at which any notice may be served upon them shall be entitled to have notice served on them at such address. Save as otherwise provided in this Condition 6, no Bondholder other than a Bondholder described in the register of Bondholders as being at an address within the United Kingdom shall be entitled to receive any notice.